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FINANCIAL TIMES

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***35p

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STYLISH DRILLS
Champagne -
or softer options
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WORLD NEWS

U.S. eases sanctions on Poland

The Reagan Administration yesterday formally announced the lifting of some sanctions imposed on Poland after martial law was introduced in December 1981.

It gave the amnesty as its reason. But the suspension of "most favoured nation" trading status will remain.

The U.S. will also continue opposing Poland's bid to join the IMF until 11 leading dissidents and Solidarity union members are freed.

Rail strike called

Rail union leaders called for a one-day tube and main line strike in the London area on September 12, in protest at line closures and job losses. Back Page

UK-German fares cut

Lufthansa agreed to British Airways' proposal to cut air fares between Britain and Germany by over a third. British Caledonian fares will also come down. Back Page

Tories' income jumps

Company donations to the Conservative Party rose 80 per cent to £2.7m. The Labour Research Department calculated, adding that the true figure could be £1.9m. Back Page

Peres's hopes rise

Labour opposition leader Shimon Peres appears to have strengthened his chances of being nominated Israel's next Premier. Page 2

Ferry captains blamed

A Government inquiry into the collision of two ferries off the Irish coast in August 1982, in which six people died, criticised both captains for navigational errors.

Gunmen steal £100,000

An armed gang stole about £100,000 in North London wages robbery, after pouring petrol over a security guard and threatening to set him alight.

Guerrillas give up

Four left-wing Salvadorean gunmen holding about 100 hostages in a Soyapango bank surrendered after failing to find a country willing to grant them asylum.

Airport blast kills 29

A bomb blast at Madras airport, which killed 29 people, was believed to be a misfire plan by Tamil separatists to blow up two Sri Lanka airliners.

Taken for a ride

Yugoslav police arrested a bogus doctor whose treatment for village women's ailments was to have them ride naked on imaginary horses around a cemetery at midnight.

Olympics special

The Americans are winning all the medals, but their news coverage is winning criticism for its pro-U.S. bias, reports Michael Thompson-Neal. Page 11

BUSINESS SUMMARY

W. Germany upset at U.S. trade block

BY PHILIP STEPHENS AND ALEXANDER NICOLL

BRITISH SHARE and government bond prices rose sharply yesterday, and UK interest rates fell, as a new mood of optimism swept through financial markets in London and New York.

The Technology Ministry in Bonn said Washington had interfered with trade in products containing U.S. parts but not necessarily destined for the Sino-Soviet Pact countries. Back Page

EQUITIES: FT Industrial Ordinary Share Index staged a week's record advance of 55 points to 831.4 after heavy trading. The FT-Actuaries All-Share

rose by 24 points, taking gains for long-dated stocks up to five points during the week.

London share prices taking their cue from the strength of Wall Street, surged for the second day running, with the FT Industrial Ordinary Index up 22.3 points to 831.4. The gain during the week was 55 points — the largest ever in terms of points.

By early afternoon yesterday, the Dow Jones industrial average in New York was up about 23 points, at 1195. The renewed optimism, after the upheavals of last month, was also reflected in lower interest rates on the money market. Along with sterling's steadier performance on foreign ex-

change markets, this prompted speculation that base lending rates may soon fall.

Aside from the recent recovery of U.S. markets, gilt and share prices are benefiting from expectations that the growth of Britain's money supply has slowed considerably in recent weeks, improving the domestic outlook for interest rates.

Mr Stephen Lewis, senior monetary economist at broker Phillips and Drew, said that substantial sales of government stock are likely to have reduced significantly the growth rate of sterling M3, the most closely watched indicator of the money supply in July and August.

On the London stock market

Simon & Coates, the broker, said that it was too early to talk of a cut in base rates from 12 per cent, but if the downward shift in money markets were to continue the banks might consider cutting their rates.

The British authorities, having resisted the rise to 12 per cent as unjustified by domestic conditions, are thought unlikely to resist a cut if the present trend in the money markets is sustained.

Brokers and foreign exchange dealers, however, struck a cautionary note over the outlook for coming weeks and months. They said it was still uncertain as to whether US interest rates had peaked, while the dollar's fall, which followed news of a rise in US unemployment, could be temporary.

On the London stock market

shares of large companies, especially those with U.S. interests, were the main beneficiaries of buying by UK institutions, which had accumulated funds during the uncertainty of the past few weeks.

The Bank of England said that the tap stock — 11 per cent Exchequer 1989, which will go on sale from next Wednesday

Continued on Back Page

U.S. unemployment figures, Page 2

Money Markets, Page 17

Stock Exchange report, Page 18

NCB agrees to keep offer open

BY JOHN LLOYD AND BRIAN GROOM

THE NATIONAL Coal Board's final offer to the National Union of Mineworkers is to be left on the table for the time being — but may be withdrawn by Mr Ian MacGregor, the NCB chairman, on his judgment at any time.

This, proposed by Mr MacGregor, was agreed at a meeting of the 11-man NCB board.

WESTLAND HELICOPTERS and its British Hovercraft Corporation subsidiary are to cut more than 700 jobs within 15 months at three West Country factories because of low orders.

PUBLISHER Rupert Murdoch has accepted defeat in his attempt to buy St Regis, the U.S. paper group, but he may keep his 5.6 per cent shareholding. Page 13

BRITISH RAIL Engineering has won a £22m contract to build BR's first diesel multiple units for 20 years, beating off competition from Metro-Cammell. Page 3

GUARDIAN: Talks were going on last night in the hope of solving an inter-union dispute which prevented the publication of yesterday's London edition of the paper. Page 2

BMW, West German car and motorcycle maker, has told shareholders it believes it can make a full recovery from its seven week metalworkers' strike. It reported world sales revenue for the first six months was 18 per cent higher at DM 8.2bn (£2.2bn). Page 15

Financial Times We apologise for any typographical errors in this edition caused by production difficulties in the reading department.

renew talks, it has shown no signs of the softening of its position which the NCB has said would be a prerequisite.

Yesterday's board meeting also decided to set up a special company to help tackle the problems faced by miners when they leave the industry.

The NCB is continuing its propaganda drive to secure a return to work. A special issue of Coal News, the NCB's paper, will go to all miners early next week, containing details of the final offer under the heading "A fair offer to all miners."

The Shefield conference will again discuss the large scale amendment to the NUM's rule 51, passed by its annual delegate conference last month, which tightened national level disciplinary procedures.

The new rules were ruled unlawful by the High Court after an application by the working Nottinghamshire miners, and a circular to next week's delegates says that because of that it must be discussed again.

The Notts area council meets

on Monday to discuss the conference, and to determine whether it will send delegates — most of whom will be working miners — to the Leaders of the working miners expect serious disturbances if they attend, but some feel that they should be represented for their views to be heard.

Meanwhile, the threat emerged last night of a confrontation with dockers at Hunterston on the Clyde, over imports of coal for the British Steel Corporation's Lanwark plant.

A ship is believed to be heading for the terminal carrying coal for the steelworks. It is due on Tuesday evening.

Dockers decided on Thursday to support the miners' blockade by blocking all coal imports through Hunterston. Discussions with the port's management have so far failed to resolve the problem.

Continued on Back Page

Details of careers scheme, Page 3

London rail strike threat, Back Page

Lloyds' first-half figures disappoint

BY MARGARET HUGHES

LLYD'S BANK yesterday reported disappointing results for the first half of the current year. The last of the big clearing banks to announce its figures, it unveiled pre-tax profits of £210m for the six months to June 30.

While this was 8 per cent more than the comparable period last year, it was 7 per cent down on the preceding six months.

The interim dividend is to be increased, however, by 7 per cent to 9.5p a share. The bank's shares, which had risen 8p before the results, closed 10p down on the day at 450p.

Announcing the results yesterday, Mr Brian Pitman, Lloyds' group chief executive, said that profitability was again substantially affected by the charge for bad and doubtful debts. This rose to £13m from £9m a year ago but was down a little from the £120m in the second half of last year.

While profits were up on the domestic front they fell sharply on international operations.

Mr Pitman attributed the slowing in pre-tax profit growth to "adverse conditions in Latin America" and the 21 per cent drop in after tax profits to the higher effective tax charge re-

sulting from the budget changes.

Lloyds is making extraordinary provisions of £485m to cover the Budget's impact on its lending business.

The domestic contribution to pre-tax profits, although 33 per cent up on the same period last year at £23m was 2 per cent down on the second half of 1983.

International profits of £21m were 17 per cent lower than in the same period last year and down by 14 per cent in the second half of 1983. This compares with a 40 per cent rise over the whole of 1983. Here again there was a substantial debt provision.

Specific provision for internal loans, rose from £1m a year ago to £24m.

However, Lloyds' covers its sovereign risk loans within its general provisions. At £43m these were down slightly on a year ago but £13m higher than the amount set aside in the second half of the year.

A "large chunk" of these provisions, Mr Pitman said, was against sovereign risk loans.

Lloyds results, Page 14

Lex, Back Page

STOCK INDICES
FT Ind Ord 831.4 (-22.3)
FT-A All Share 499.45 (+2.5%)
FT-SE 1065.0 (+25.9)
FT-Long gilt yield index 10.85 (11.11)
New York lunchtime 1,330.25
London 1,281.00 (25.95)
FT 8,705 (8,575)
SWFT 2,408 (2,43)
Y241.5 (245.25)
Trade Weighted 106.3 (107.4)
Tokyo close 243.55

U.S. LUNCHTIME RATES
Fed Funds 11.5%
3-month Treasury Bills 10.45%
Long Bond: 105 1/2 yield: 12.0
GOLD
New York: Comex August latest F852.1 (\$343.75)
London: \$343.75 (\$343.75)
Gold price changes yesterday, Back Page

MARKETS

DOLLAR

New York lunchtime

DM 2.883

FFr 8.79

Swf 2.408

Y21.70

London:

DM 2.881 (25.95)

FFr 8.705 (8,575)

SWFT 2,408 (2,43)

Y241.5 (245.25)

Trade Weighted 106.3 (107.4)

Tokyo: 1,281.00 (25.95)

Continent selling prices: Austria Sch 18; Belgium Fr 38; Denmark Kr 7.25; France Fr 6.00; Germany DM 2.20; Italy L1.100; Netherlands Fl 2.20; Norway Kr 6.00; Portugal Esc 75; Spain Pta 100; Sweden Kr 6.30; Switzerland Fr 2.00; UK 50p; Malta 30c.

STERLING
New York lunchtime: £1.33025
London: £1.3275 (1.311)
DM 3.793 (3.795)
SwFr 3.1925 (3.21)
FFr 11.67 (11.63)
Y21.05 (321)
Trade weighted 78.8 (78.7)

LONDON MONEY
3-month interbank: mid rate 12% (12.4%)
3-month eligible bills: buying rate 11.1% (11.1%)

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Ericsson drops plan for East bloc sales

By David Brown in Stockholm

L.M. ERICSSON of Sweden, the Nordic region's largest communications and electronics company, has scrapped plans to sell its advanced digital telephone exchanges to Bulgaria and other East bloc countries. The decision was forced under pressure of tougher U.S. export restrictions on the sale to the East of high-technology equipment using U.S. components.

It also averts a potential tussle between the U.S. and other Western allies in the Co-ordinating Committee (CoCom), which only recently arrived at a compromise agreement on new export restrictions covering technology deemed to be of military significance.

The agreement applies to sophisticated telecommunications switching gear to the end of 1988 on the basis of what are seen as its potential military command and control applications.

Neutral Sweden is not a member of CoCom and therefore not required to abide by the July decision.

However, many Swedish high-technology export goods rely heavily on components from CoCom countries. Ericsson's AXE digital exchange, for example, uses American parts extensively.

"We consider ourselves bound by these rules in the same way as any other supplier," Mr Magnus Lemmel, an Ericsson director responsible for trade/political affairs, said.

Ericsson has allowed its bid on the Bulgarian project to lapse because "we do not see any possibility of any Western company—including Ericsson—being granted the necessary export licences from the U.S.," Mr Lemmel added.

Less than 1 per cent of the group's annual turnover is generated in the East bloc while fully 10 per cent of sales are in the U.S.

Sweden's growing sensitivity to Western pressure can also be seen in terms of its export balance: only 2.8 per cent of the country's export sales go to Eastern Europe while fully 84 per cent are generated in the industrialised West.

Ericsson's move to drop out of the Bulgarian competition raises concern about a potential dispute over the new CoCom agreement.

Several European manufacturers who had bid on the deal dropped out after the July compromise, which would have prevented them from concluding any sales except under a theoretical "general exception" which would require approval by the full CoCom membership. The UK threatened it might apply for such an exception if a company from a non-CoCom country pressed its bid.

Ariane lift-off to go ahead despite blast

By David Marsh in Paris

THE COUNTDOWN will be proceeding as planned for the 10th scheduled lift-off today of the Ariane space rocket from its launch base in French Guiana in spite of the bomb attack late on Thursday night on the Paris headquarters of the European Space Agency.

Responsibility for the bombing, which caused extensive damage to the ESA building and slightly injured six residents and passers-by in the normally peaceful 15th Parisian arrondissement, was claimed by the outlawed terrorist movement Action Directe (AD).

AD, which carried out three smaller bombing raids last month on Paris Ministry buildings and the headquarters of the Atlantic Institute international study group, has been sporadically active since 1979. The French security forces believe the Left-wing urban guerrilla groupings have recently been joined by Italian extremists.

With the triumph of an organisation which has regularly withstood crises on rocket launching pads, the 11-nation agency charged with co-ordinating Europe's space activities, brushed off the impact of the attack.

Mr Wilhelm Brado, an official at the agency, said in spite of the damage ESA's telex and telephones were functioning normally.

ESA, which has an annual budget of around £775m (£585m), has focused the Ibn Sina development of the Ariane rocket. Today's launch, carrying two telecommunications satellites, is however being carried out under the leadership of ArianeSpace, a commercial company set up to market the European rocket.

On Thursday M. Bernard Pons, secretary general of the neo-Gaullist RPR opposition party, angrily accused the Socialist government of taking all the credit for the rocket's sudden commercial success, and pointed out that the "decisive impulse" for France's space programme had been given by President de Gaulle.

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POLES PRAISE HONECKER REGIME AFTER SOVIET CRITICISM

Jaruzelski backs East Germany

By LESLIE COLITT IN EAST BERLIN

EAST GERMANY, under heavy Soviet attack for its close relations with West Germany, has been praised by Gen Wojciech Jaruzelski, the Polish leader, for its "fraternal" alliance with Poland and the Soviet Union.

The Polish leader sent a telegram to Herr Erich Honecker, East Germany's leader, who was personally criticised this week in the first page of *Neues Deutschland*, the East German party newspaper.

East European analysts in East Berlin said it meant the Polish leader felt the Soviet Union would "forgive" Herr Honecker if he agreed to cancel his planned visit in September to West Germany.

Gen Jaruzelski said both East Germany and Poland were actively working for international security and against the "forces of imperialism," whose current efforts were described

as the "greatest danger to humanity."

The Polish backing was prominently displayed on the first page of *Neues Deutschland*, the East German party newspaper.

This could, however, follow to day.

Alternatively, the leadership may have decided not to give further prominence to criticism of the East German leader for his policy of "limiting damages" in relations with Bonn

since the deployment of U.S. missiles in West Germany.

Herr Peter Boenisch, West Germany's Government spokesman, said Bonn still expects the visit by Herr Honecker to take

S. African banks raise prime rates

By Jim Jones in Johannesburg

SOUTH AFRICA's commercial banks yesterday responded promptly to austerity measures announced by the Government Thursday night by raising their prime lending rates from 22 per cent to 25 per cent.

The move follows the Reserve Bank's decision to increase the rediscount rate, at which it discounts paper from the country's discount houses, from 18.75 per cent to 21.75 per cent.

The higher bank lending rates accompany changes in legislation affecting hire purchase sales. On Thursday, the Government announced a considerable tightening of the rules governing instalment sales with the aim of curbing consumer spending. Initial deposits have been increased and repayment periods shortened.

Organised commerce has reacted with dismay to the new austerity measures. Mr Chris Ball, the managing director of South Africa's largest banking group Barclays, said yesterday that the new interest rates would be extremely damaging to consumers and industry and would inflict lasting damage to the economy if they persist for an appreciable period.

Reports about the extent of damage to shipping are confused, but in most cases it appears superficial.

After Egyptian denials that any damage had been caused to shipping by the explosions, a U.S. Navy team of mine warfare experts was called in to investigate.

Earlier this week, a man claiming to speak for the Islamic extremist "Jihad" organisation telephoned western

news agencies in London saying his group had planted 190 mines in the Gulf of Suez and Bab al Mandab, the strait linking the Red Sea and the Indian Ocean, in the campaign against the West.

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UK NEWS

Jaguar stags lock horns: Ashley Ashwood recorded the stampede



Ashley Ashwood

NCB plans to help former miners start new careers

BY MAURICE SAMURSON

THE NATIONAL COAL BOARD decided yesterday to set up a special company to help tackle the problems faced by miners when they leave the industry.

The company, NCB (Enterprise), will have initial finance of up to £5m and will work closely with the Manpower Services Commission and local job-creation enterprises.

Mr Ian MacGregor, the board chairman, said a particular aim of the company would be to help younger men who chose to accept redundancy so that they could begin new careers, either on their own account or in other businesses.

Mr Merrick Spanton, the board member for personnel and chairman-designate of the new company, said he expects it to start work in a few weeks, regardless of whether mine workers are still on strike.

The NCB has been under pressure for some time to set up a body similar to BSC (Industry), the job-creation unit established at the height of British Steel Corporation closures in the 1970s.

BSC (Industry), with a budget of about £12m a year, claims that, through contacts with about 1,400 companies, it has received commitments to create 36,000 new jobs in closure areas by 1987. Of these, 20,000 have been filled.

Mr Spanton said NCB (Enterprise) had been set up as a result of the Government's decision in April to extend the Redundant Mineworkers Payments Scheme to miners under the age of 50.

Working through the MSC and other bodies, it would encourage them to train for other work.

Financial Weekly subject of bid says Maxwell

BY SUE CAMERON

MR ROBERT MAXWELL said yesterday that his British Printing and Communication Corporation had received a bid for the ailing Financial Weekly newspaper. He is, however, not sure who the bidder is or how much cash is being offered.

Staff at Financial Weekly have been given the chance to organise a 'buy-out' before any sale is completed but Mr Maxwell this week told them they had only 10 days to present a deal. The deadline is next Thursday.

Neither the mystery bidder nor the size of the offer have been made known to the staff.

Last night Mr Tom Lloyd, editor of the journal, said he had been asked to hit an invisible target. He added that Mr Maxwell had said he might be able to extend the deadline if the staff could assemble buy-out proposals.

The journal has been a loss-maker since being started in 1979 by Trafalgar House. In its first three years of operating it lost a total £2.8m.

In April 1982, Fleet Holdings, by then demerged from Trafalgar House, decided to close it.

The staff, however, led by Mr Lloyd, decided to try for a buy-out. They assembled a restructuring proposal involving plans to cut costs by two-thirds. At that point Mr Maxwell's BPCC said who the bidder is or how much cash is being offered.

Staff at Financial Weekly have been given the chance to organise a 'buy-out' before any sale is completed but Mr Maxwell this week told them they had only 10 days to present a deal. The deadline is next Thursday.

Neither the mystery bidder nor the size of the offer have been made known to the staff.

Last night Mr Tom Lloyd, editor of the journal, said he had been asked to hit an invisible target. He added that Mr Maxwell had said he might be able to extend the deadline if the staff could assemble buy-out proposals.

The journal has been a loss-maker since being started in 1979 by Trafalgar House. In its first three years of operating it lost a total £2.8m.

In April 1982, Fleet Holdings, by then demerged from Trafalgar House, decided to close it.

Insurance directory launched

BY ERIC SHORT

THE British Insurance Brokers' Association has issued its first Life and Pensions Brokers' Directory, providing the public with the names and addresses of registered insurance brokers who offer advice on life assurance and pensions.

The Insurance Brokers' Registration Act (1977), which lays down the terms and conditions for insurance brokers' registration, did not distinguish between general insurance and life

and pensions. Both types of insurance have become so specialised that many brokers find they need to concentrate on either general or life. Although many insurance broking firms do offer a complete service, the life and pensions business is often handled by a different specialist to the general business. Many people recognise that the Act has an important defect in not differentiating between the two types.

To overcome this, BIBA has prepared this special directory for the public. To secure inclusion, brokers must not only be members of BIBA, but they must have at least five years experience in life and pensions business or three years experience together with a recognised examination qualification.

The directory will be available for reference at public libraries and Citizens Advice Centres.

Pension switch 'unpopular'

BY ERIC SHORT

FEW EMPLOYEES are likely to switch from employers' pension schemes to personal ones under the Government's pension proposals.

This is the view of leading consulting actuaries Duncan C Fraser in its latest client newsletter.

Under the Government plans announced last month by Mr Norman Fowler, the Social Services Secretary, employees will have the right to leave their employer's pension scheme and/or the state earnings-related scheme and make their own personal pension arrangements.

Employers, which only be re-

quired to pay the contribution rebate given for contracting-out of the state earnings-related scheme into the employee's personal pension plan.

This contribution—averaging 4.1 per cent of earnings—is modest compared with contributions paid by employers into their company schemes—averaging around 12 per cent.

This means that benefits from a personal pension plan are likely to fall far short of those virtually guaranteed under the employer's pension scheme.

Duncan C Fraser therefore concludes that there will be no

great rush by millions of private sector employees into personal pensions, except for a few journalists who have been demanding freedom to do this for the past three years. Duncan C Fraser also expects the 4m public sector employees to opt for the *status quo*, since their pension schemes, with few exceptions, provide far better benefits than do private sector schemes.

However, Duncan C Fraser warns employers they will have to work harder to sell their pension schemes to employees by ensuring they fully understand and appreciate the benefits.

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However, Duncan C Fraser warns employers they will have to work harder to sell their pension schemes to employees by ensuring they fully understand and appreciate the benefits.

Making a meal of service every waking hour

BY ARTHUR SANDLES

Even the best hotels have ways of overdoing their hospitality



From the moment one enters one is part of the family, a resident as distinct from the passing trade that has trouble obtaining a seat in the restaurant or a place at the bar.

The Mandarin in Hong Kong regularly features on lists as the World's Best Hotel. It is not because there is no such thing. It is, though, one of the best.

Upstairs the Mandarin is superb, rooms and room-service are immaculate and the restaurants are excellent. The front of the lobby, however, is a let-down, compared with the first-floor coffee shop-arcade very much a la Holiday Inn.

Sometimes they respect the do-not-disturb notice but even that is an invitation for noisy attempts at pushing under the door that day's newspaper or the invitation to the general manager's cocktail-party.

To qualify for the Top Ten, therefore, an hotel must show itself to be available when called on but otherwise to keep a low profile.

No great hotel is without its faults but the mark of all on my check-list is their uncanny ability to know their guests.

The Peninsula, that traditional great rival, has just opened in Bangkok with a property not only good but grand. A huge, uncluttered lobby greets one. The place is decorated with hand-painted silk wall-coverings. The setting is a let-down, compared with the Oriental, but the Thai restaurant is a revelation.

Moving west and reluctantly passing the hotel high-spots of Singapore superb though they may be, I would make for Savile Row is being under-dressed.

The Bristol Kempinski in West Berlin is a classic. Here everything speaks of discreet attentiveness. The restaurants are superb. The tone makes one feel that anything less than newly-pressed Savile Row is being under-dressed.

The Brenner's Park, Baden-Baden, is like that, too, except because so many visitors come to rest, relax and for the cure, clothing tends to be more sporty.

This is the world's most elegant and luxurious hotel. It attends to every detail but does not shout about it.

In Venice the competition is fierce but I would stay in the Cipriani, largely because of its setting.

Long ago my first arrival was late on a misty night. I was whisked from airport to hotel by launch, an intriguingly romantic

journey that started a love affair for life.

The hotel is on a separate island, Giudecca, where one is in the city but away from crowds.

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The Lancaster in Paris is completely different. A tiny hotel owned by the Savoy group of London, it hides itself away just off the Champs Elysées. When one is through its unimpressive front doors it is like being in a country retreat that has just been

dropped into the heart of a major city. Overworked though the word charm may be, this hotel has it.

Even before the latest take-over the Dorchester in Park Lane, London, had returned to being the benchmark against which other London hotels are compared.

Under Mr Udo Schleitrich, its manager, and Mr Anton Mossman, its chef, the place operates like well-mannered clockwork.

I had difficulty with New York. I enjoy staying at the Algonquin but it is by no stretch of imagination a best hotel. The Regency enters that league but its lobby is barren.

The prize has to be presented to the Pierre, which scores more points in more areas than most.

The real prize for "the best of the best" would go to whichever of these great and noble establishments was first to realise that in every tidy business-visitor there lurks a secret slob.

After a month on the executive trail most travellers I know scream to escape being force-fed on underdone goose-breast decorated with kiwi fruit and raspberry which is the standard fare of today's "gourmet dining."

One catches them sneaking into the nearby grocery shop and travelling the lifts trying to hide bags of Kentucky Fried as they head for an evening of blissful relaxation in front of television situation-comedies.

Forget the mini-bar and the 24-hour quasi-hotel room-service. Just give me the key to the staff-canteen.

Monday: The ten worst business clichés.

Heavy rains fail to break drought

HEAVY RAINFALL has not significantly affected the drought-affected areas in the west of the country, the Water Authorities Association said.

It repeated its plea for consumers to cut demand. The crisis was not over, "we need a lot more of those downpours," it said.

Rationing is still probable in parts of south-east Wales and in Devon and Cornwall. Areas covered by the North-west, Severn Trent and Yorkshire Water Authorities are also badly hit. The latter has extended restrictions in the area covered by a hosepipe ban since June 1.

The authority says the area is unaffected from the longest spring rainfall since World War II.

Water and hydroelectric reservoirs are down to 49 per cent of normal levels.

About 99.5 million people are affected by the drought and are banned from watering gardens and washing cars by hosepipe uses.

Dairymen warn of sports blockade

WELSH dairy farmers have warned the Government that they are prepared to blockade roads unless they get a better deal over European Economic Community milk quotas.

Concerns over the country's an anarchy of sports could be forced out of business within a year because of the EEC cuts, they claim.

Mr Malcolm Stewart of the Dyfed action group, said 60 per cent of family-owned dairy farms in north and west Wales could go out of business.

The Milk Marketing Board admits that up to 3,000 producers are at risk from the cuts.

BA chief hits out at CAA 'attack'

LORD KING, chairman of British Airways, yesterday accused Mr John Dent, chairman of the Civil Aviation Authority, of making a "vicious, violent" attack in the row over whether the state airline should transfer some European routes to independent operators.

Lord King has said this would delay privatisation and cost BA jobs. The CAA was "not equipped in any way" to decide the size of an airline.

BREL wins diesel unit contract

BY ROBIN PAULEY

BRITISH RAIL yesterday announced that it has awarded a £22m contract for the first new diesel multiple units to be built for 20 years, to British Rail Engineering (BREL), which beat off competition by the Metro-Cammell subsidiary of the Laird Group.

BREL, a British Rail subsidiary, will build 50 diesel multiple units, each comprising two passenger carriages, at its York works for delivery from 1985. They are intended for provincial services, initially in the East Midlands. BR's provincial services sector is also

planning for a substantial fleet of similar medium-weight trains

from 1986 onwards, to succeed the old vehicles now in use.

BR has insisted that all new orders go out to tender. To

win the contract is a fillip for British Rail. Other orders include 60 Mark 3 rail coaches at Derby, 209 electrical multiple units at York (£48m), 15 Class 55 locomotives at Doncaster (£15m).

BREL and Metro-Cammell are developing four prototype trains fitted with variety of engines and transmissions so that performance can be evaluated before the final specifications of the main fleet for 1988 and after are chosen.

Milner's workload has been falling.

The announcement yesterday brought to more than £100m the total value of construction work in hand at BREL for British Rail. Other orders include 60 Mark 3 rail coaches at Derby, 209 electrical multiple units at York (£48m), 15 Class 55 locomotives at Doncaster (£15m).

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County Bank senior posts

BY ROBIN PAULEY

Mr John Richardson has been appointed regional director for COUNTY BANK, Leeds. He succeeds Mr Robin Bryant, director who had responsibility for the Leeds area for three years and is now returning to London. Mr Christopher T. Pearce joins the board of County Bank as a director in the International division where he will be primarily responsible for capital market activities in the U.S. He was a director of J. Henry Scardey Wagg and Co.

Mr Annabelle Svedberg has been appointed managing director of GOTA (UK), the newly-formed subsidiary of Götabanken of Sweden.

Mr Michael Morris, a general manager of Barclays Bank and a director of Barclays Bank UK, has been appointed a director of MERCANTILE CREDIT, the finance house subsidiary of Barclays Bank, from September 1. He succeeds Mr Andrew Buxton. Mr John Ennis, a deputy chairman of Commercial Union Assurance and a director of Barclays Bank UK, has been appointed a non-executive director of Mercantile Credit, from September 1.

Mr R. G. Schweitzer has been appointed to the board of ALFRED PREEDY & SONS as a non-executive director. Mr Schweitzer was managing director of Martin the Newsagent between 1971 and 1978. During the last five years he has been an independent business adviser to industry on marketing, organisation and strategic planning.

Mr J. W. Leng has been appointed managing director of BONAR & FLOTEX, the specialist carpet maker within Low & Bonar Group, following the retirement of Mr S. G. Robinson. Mr Leng was managing

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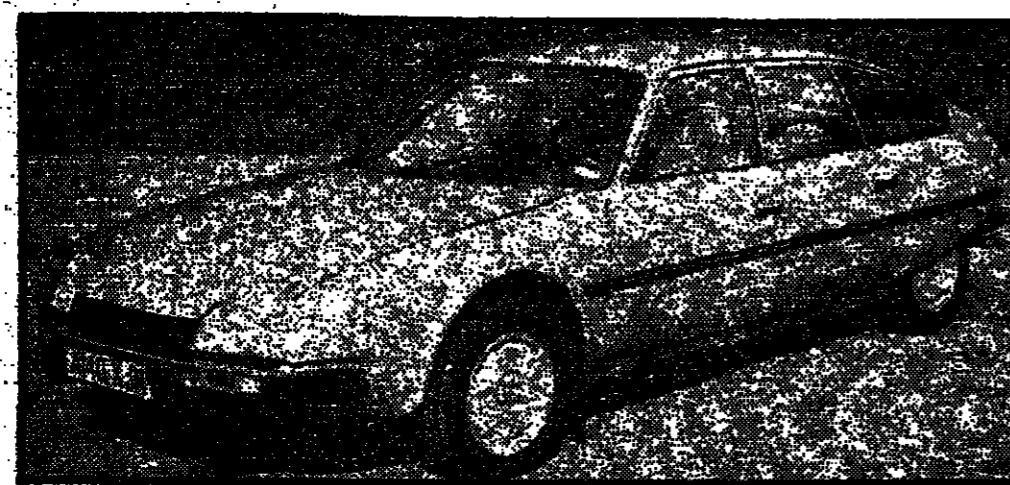
■ To achieve capital growth through investment in new equity share capital of unquoted UK companies.

Investment ■ To achieve a portfolio balanced between risk and potential growth by investing in a spread of companies from diverse sectors.

MOTORING

Less guzzling with diesel

BY STUART MARSHALL



The Citroen CX 25 DTR Turbo. A superbly suspended 5-seat motorway cruiser with the fuel consumption of a mini-car

FROM KENT to Vienna in about 1,000 miles. A round trip over a long weekend may sound like hard work but the Audi 100 made light of it.

On the *autobahn* it cruised at 90-95 mph, in the city centre and in the villages of Burgenland it pulled without snatching at 30 mph in fifth. For the main road part of the return journey my running average was 61 mph and the fuel consumption, 39 mpg. Having filled up for the last time in Bonn, I reached my home with nearly half a tank full.

That was in late Spring. Last month, I covered nearly 1,500 miles in a Citroen CX in France. The *autoroute* limit of 51 mph need not be taken too literally—late in the evening, mid-week, and my hour-to-hour average was close to that achieved in the Audi. With lots of local running running around in southern Brittany, the big Citroen achieved 40 mpg.

And this week, I tried to drive a Peugeot 205 from London to Glenrothes, Perthshire, at realistic speeds on £10 worth of fuel. I didn't make it, but my average speed before the test tank ran dry, within sight of the border was 55 mph and my consumption, 52.1 mpg.

The reason, need I say, why these three cars went so far and so fast on so little fuel is that they were diesel engined. I sometimes feel I should apologise for clattering my compression-ignition hobby horse across the column once again but the fact of the matter is that the benefits of diesel motoring are still not fully appreciated in Britain.

This year, we will buy around 50,000 diesel cars, accounting

for perhaps two per cent of the market.

That will be more than double last year's total, but it is still trivial compared with mainland Europe, where the company car is a rarer beast than it is here and drivers tend to have a more personal interest in curbing their fuel bills.

Both Audi 100 and Citroen CX were turbocharged. The Audi's five-cylinder engine is of 2-litre capacity, the Citroen's four-cylinder of 2.5 litres. They spring noisy to life first thing but the hammer-on-anvil effect dies away in a minute or two.

At idling speed, you would not mistake either cars as petrol engined but on the open road—and especially when motorway cruising—trained ear would be hard put to it to detect that they were diesels.

Both comfortably exceed 100 mph, accelerate powerfully in fourth gear from 40 mph for overtaking and may be treated as one-car cars for much of the time.

The Audi feels more conventional in the way it handles and it creates less wind noise, though the tyres rumble loudly on coarsely textured roads.

The Citroen has even more comfortable seats than the Audi, its gearshift is slower and the speed-sensitive power steering with ultra-rapid response takes getting used to.

The Audi rides well, the Citroen superbly. No car is more at home on the N and D roads of France than a CX. But it shows its age in the pokey boot for so large a car, the Audi's is vast.

Looked at in plan view, both cars have huge areas of shop-

ing glass which draws the heat of a summer's day. The weather was hot when I drove the Citroen and the fresh-air ventilation simply couldn't cope. The Audi wasn't so bad, but the temperatures were lower. In either car, air-conditioning would seem the answer.

Both cars are magnificent trans-continental transport, demanding refuelling stops only at 500 mile intervals. The list prices are close: £11,005 for the manual Audi (an automatic is £12,333), £11,511 for the Citroen—there is no two-pedal version.

The story of how she fought "the weeds and the wind, the mists, sings and other pests" over some 15 years, is definitely documented in her book, handwritten and painted. *The Glory of the Gorge* (£10 plus £2 postage from Peacock Vane Publishing, Banchory, Isle of Wight).

Not so far away at Blakes

it was a similar story of devotion to the soil. Ventnor agents Watson Bull and Porter's sale brochure vividly describes how over 20 years, its late owner, Lester Harris, working mainly with his hands and simple tools, transformed agricultural downland into a garden of incredible quality. "It's a dream made real: a wondrous place that writers would not dare invent." The property, with only a temporary dwelling and a beat-up old cottage, sold at auction in June for £95,000.

Property on the island is now in much greater demand than it has been over the last few years, and ferry services have

PROPERTY

A buyer's guide to Cowes week

BY JUNE FIELD

DEEP ROOTS: dandelions, oxalis and dock/when you've handled that lot/you've still to fight the rock" wrote Henry de Vere Staevens in 1937 of his Victorian garden in Banchory, Isle of Wight.

The garden on the face of a cliff belongs to the cottage now lived in by Joan Wolfenden, author, artist and gourmet cook. She used to run the hotel below, the Peacock Vane, until she handed over the management to her son, John Wolfenden.

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Crocker's current property portfolio includes a 1 bedroom flat at £19,500 at Osborne Court, opposite the harbour, with some views over the Solent, and a yachtsman's cottage in Park Road is £20,950. Another

been increased too, with a new Hovercraft, Southsea to Ryde, started in March. In general prices for property are considerably lower than in other parts of the country.

In Cowes, where it is the start of the annual major yachting week, realistically priced properties do not hang about for long, says Peter Crocker, who runs a single-office practice in the High Street, though with mortgage rates increasing and funds beginning to tighten up he feels things could slow down a bit.

"Cowes has a diversity of property starting from around £12,000 for a small unmodernised terraced house, and there is a large contingent of older style properties easily available in the immediate town area. There is practically no new building developments being undertaken in the immediate Cowes, Gurnard and Northwood areas except for small pocket developments here and there, and one reasonable up-market estate of individual houses and bungalows off Baring Road."

He feels that until confidence returns to the market the outcome for larger developments in the Cowes area is unlikely to improve, particularly as the availability of land with planning permission is limited.

Crocker's current property

portfolio includes a 1 bedroom flat at £19,500 at Osborne Court, opposite the harbour, with some views over the Solent, and a yachtsman's cottage in Park Road is £20,950. Another



cottage that was once part of the old grammar school and masonic hall is £22,500, including a free removal service for your furniture, and down near the ferries, Mayflower House, a former pub, is £18,500.

"The market is currently very active where character properties with an acre or more of land are concerned," says Mr. J. E. Lewis, of Way Riddell, in Pyle Street, Newport. "First-time buyers are looking for small pre-First World War cottages which have been improved, and retired couples naturally want bungalows which have always been at a premium on the Island."

The firm recently sold Bagwich Farm, near Godshill, which has a "Prayer Room" said to have been used by John Wesley, and a barn with planning permission for cider-making. The place went to a local builder on a asking price of £25,000. A thatched cottage,

The Green at Shorwell, on offer at £21,500, has a little annexe suitable for holiday letting. The village is known because Magnus Magnusson came there to supervise the removal of an Icelandic picture in the local church to the church at Thingvillir, Iceland.

They are offering the 17th century Culverstone Manor Farmhouse in a small hamlet mid-way between Mottistone and Brook (£75,000 including an old cottage and barn); and

the Elizabethan Merstone Manor, near Newport, built in 1751 for Sir Edward Worsley, has a swimming pool, tennis court, stable and garage block, and in the region of £300,000 is being asked by Richard Dixon, Watson Bull & Porter, 24 High Street, Sandown, I.O.W. (0982 423875), and Peter Clemenson, Jackson-Stops & Staff's Chichester office (0243 784316).

Co-inciding with Cowes Week, Gorsecombe Park, in 32 acres near Newport, Isle of Wight, one-time home of the Hobart family, is on the market again. The last time it went up for sale was in Cowes Week 1980.

The 13-bedroom Georgian House, listed Grade II, built 1751 for Sir Edward Worsley, has a swimming pool, tennis court, stable and garage block, and in the region of £300,000 is being asked by Richard Dixon, Watson Bull & Porter, 24 High Street, Sandown, I.O.W. (0982 423875), and Peter Clemenson, Jackson-Stops & Staff's Chichester office (0243 784316).

Merstone Manor is a small hotel at the moment, with the rooms named for previous owners—Edward Cheke who married Eleanor Godlendar in 1680, and was responsible for the present house, Sir Francis Dawtry, Admiral Hawkins' and so on. Visitors should be sure to look at the extract from the *Domesday Book* which traces the history of the manor back to 1050, when it was held by Edward the Confessor.

"Picture book cottages are always in demand, particularly in Godshill. Legend has it that the building of a church was begun on a site at Sheerwater, but that on three successive nights the stones were removed unseen to the site of the present church. The church gate cottage is said to have been the sexton's house, and is part of a group which are probably the most photographed on the Island. The price has been reduced from £65,000 to £60,000."

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Spring euphoria has levelled back, and reductions in asking prices are now being made, admits Keith Rogers, of Creasey and Jeffrey, High Street, Newport. "Nevertheless, above-average contemporary homes and large character houses in the £75,000 to £90,000 range are still selling well."

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With Lympstone on the mainland having three ferries constantly crossing to Yarmouth, Lympstone agents Jackson and Jackson also handle properties across the water.

They have been offering, at a figure close to £25,000, a 17th century farmhouse in 13 acres at Freshwater, with finely landscaped gardens, barn, and paddocks, and views over the bay and the Purbeck Hills.

Following royal footsteps

Naturally properties with connections with Queen Victoria abound:

• The Station at Whippingham was originally built in 1878 so that the Queen could get over to her holiday home, Osborne House. The Station House is now a four bedroom home, with the hall made out of what was once the signal box. (In the region of £265,000 through Creasey and Jeffrey, 139, High Street, Newport.)

• Albert Cottage, in 2½ acres, with its special walkway to Osborne House, was built by Henry Cubitt for Prince Henry of Battenberg and his wife Princess Beatrice. Victoria's

youngest daughter, (she succeeded her husband as Governor of the Island in 1896.) The cottage, more a small mansion, is now five apartments (two of which are let), plus a summerhouse-chalet said to have been presented to the Queen around the time of her Golden Jubilee. (Offers in the region of £125,000 through Creasey and Jeffrey, and Sir Francis Pittis, both in Newport.)

• Fort Albert, one-time Vic-

torian defensive outpost, was reputedly built under Prince Albert's supervision, eventually becoming a secret manufacturing and testing site for an early torpedo, and then an anti-air-

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BOOKS

Daughter's eye

BY ANTHONY CURTIS

Deceived With Kindness: A Bloomsbury Childhood
by Angelica Garnett. Chatto & Windus/The Hogarth Press, £9.95. 181 pages.

"There is also Angelica Bell, 22, whom I tease. She is rather like Brown, but more beautiful." Extract from a letter written by David (Bunny) Garnett to T. H. (Tom) White, September 16, 1944, and published in *The White/Garnett Letters* (1985). "Brownie" was the red setter bitch with whom White lived and to whom he was devoted. Angelica, the daughter of Vanessa Bell, is the author of this book. Her father was not Clive Bell, her mother's husband, but Duncan Grant, the painter who though a homosexual became her mother's lover and lived with both Vanessa and Clive at Charleston in Sussex where Angelica was partly brought up. Until she was 17 Angelica had no idea that it was Duncan and not Clive who was her father. She learnt only after the death of her half-brother Julian Bell in the Spanish Civil War, when Vanessa, heartbroken, decided to tell her the truth.

I remember that summer as endless, hot and tiring. One day when Vanessa was better she took me into the drawing-room at Charleston and told me that Duncan, not Clive, was my real father. She hugged me close and spoke about love: underneath her

sweetness of manner lay an embarrassment and lack of ease of which I was acutely aware and washed over my head like the waves of the sea.

To have gained two fathers for the price of one turned out to be a bad bargain for this highly sensitive, gifted, isolated girl since neither of them fulfilled or even fully acknowledged the role. She remained under the domination of her imposing but in an odd way remote mother, the sister of Virginia Woolf. She gives us a unique and crystal-clear account of an extraordinary childhood: one that was both splendidly privileged and astonishingly deprived; the book is written with the painter's touch the author has inherited from both her parents. Her accounts of their curious misgivings, both in Sussex and in London, in which her aunt Virginia might at any time interrupt and demand whether she still loved her, are unforgettable, and entertainingly complement the more formal biographies of the Bloomsbury people.

Such a man was "Bunny" Garnett, son of the discoverer of Conrad, Edward, and the translator of Dostoevsky. Constance. In 1942 he wrote to T. H. White:

Angelica and I were married on May 8.... The woman at the inn here makes wonderfully good bread with a mixture of brown flour and oatmeal—the best bread I've ever eaten. The river is almost empty—the chance of catching a trout is very slender.

The rest of Garnett's letters to White are full of pleased references to Angelica, telling him of her work as a painter and a teacher, the portraits of her in the Penguin, Duncan Grant, and the births of the first two of the four daughters they had. In *Deceived with Kindness* we have an insight into this marriage from the side of the young wife who eventually decided to leave her husband.

To have been a mere pawn in the lengthy and devious emotional chess-game played between the members of this set was no easy option, as the author makes plain, even if you knew that one day you would become a queen. Her situation seems to have been not unlike that of Henry James's Nanda Brookenham in *The Ark and the*

the Ark.

While married to him she remained arrested at the awkward age, not having found the father she sought, and still feeling herself to be a part of the world of her mother.

Now that both her former husband and her mother are

dead she has written this book describing her liberation; or put differently, it was the writing of the book that liberated her. The book should fascinate a huge number of readers and may give some the courage to attempt a similar liberating process themselves.



Angelica at 19: 'vulnerable'

Fiction

Deep in the heart of Guyana

BY NICHOLAS BEST

Orealla
by Roy Heath. Allison & Busby, £5.95. 255 pages.

Forgotten Games
by Philip Ward. The Cleander Press, £7.95. 116 pages.

Conversations in Another Room
by Gabriel Josipovici. Methuen, £7.95. 121 pages.

The Bush Soldiers
by John Hooker. Collins, £9.50. 472 pages.

Orealla is Indian country, an Arawak settlement deep in the heart of Guyana, where money has no meaning and the frenetic ways of the city are as yet unknown. A Garden of Eden, more or less, with the role of serpent taken by the missionaries who ban the vitamin-rich cassava beer and see it as an act of God when the Indians then fall victim to outside disease.

Ben, the hero of Roy Heath's latest novel, has never been to Orealla. He is a Georgelaw man, a arsonist, thief, womaniser, part-time journalist and eventual coalbird, an engaging character who, unlike his friend with Carl, a Maori Indian, forms the heart of the book. Carl is from Orealla. He lives a life with un-

disguised suspicion, a suspicion that communicates itself to Ben and ultimately unsettles him to disastrous effect.

Rather than go to prison for attempted theft, Ben submits to blackmail and accepts a low paid job as groom to a man he despises. He divides his life between wife Tina and girl-friend Mabel, one of whose three children is definitely his. Neither woman keeps Ben happy. He is perpetually searching for something, perpetually on the lookout for the right answer—and the answer is perhaps Orealla.

It is the hidden inner man not known to himself—that is Roy Heath's special territory. Orealla is the state of mind rather than the physical reality. As a window on an unfamiliar world this is an absorbing book, rich in dialogue, enormously good on local colour. The author paints a splendid word picture. But it is also crude in places, rambling and disorganized, leading up to an emotional conclusion that ought to be dramatic but somehow manages to miss its mark.

On the other side of the continent, Philip Ward's authoritative first novel *Forgotten Games* takes the old story of Cortés and Moctezuma and examines it from a fresh

angle, that of the power games played by both sides, everything from chess to Texococli, some of them real, others imaginary, most impossibly complicated in one way or another.

"The day we met," Moctezuma teases Cortés, "was 3rd Quecholli in the astronomical calendar, 8th Ehecatl in the religious calendar of the Year 1-Reed of the eighth sheaf.

The eighth day of Ehecatl falls under the domination of Quetzalcoatl, lord of winds and hurricanes."

Quite so. Philip Ward is the author of the Oxford Companion to Spanish Literature, an erudite man concerned here with "the concept of transition, whether verbal, religious, moral, or cultural." He has written a scholarly book, rich in dialogue, enormously good on local colour. The author paints a splendid word picture. But it is also crude in places, rambling and disorganized, leading up to an emotional conclusion that ought to be dramatic but somehow manages to miss its mark.

No need for wire-cutters with Gabriel Josipovici's *Conversations in Another Room*, a slim volume that might have been even slimmer, more a short story than a novel. So short in fact that a good deal of the impact comes from the denouement. In the eighth day of Ehecatl falls under the domination of Quetzalcoatl, lord of winds and hurricanes."

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An Englishman, an Irishman and an Australian, plus a couple of others with bit parts, are carrying out their orders to harass, deny and destroy anything of value to the enemy.

They decide to blow up the Japanese-controlled zinc mine at Broken Hill, an expedition that involves a 700-mile horse ride across classic Burke and Wills country. Their enemy is not so much the Japanese who sensibly keep out of the way, as the territory itself, the worst

that Australia can offer, riddled with natural hazards

Phoebe, pulls her niece's leg with an involved story of infidelity between Phoebe's ex-husband and her best friend. She is hoping to provoke the niece into a confession of her own. The niece certainly has a confession to make, though not the one Phoebe was expecting. And that is that, a neat plot skilfully presented, but heavily padded out to bring it up to book length.

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Horses, saddlebags, the open bush, a kangaroo at the edge of the creek. There is something wonderfully relaxing about this sort of adventure story—a straight no-nonsense yarn with a bit of Marx and Catholicism thrown in—that no amount of poisoned water or dust behind the eyeball can spoil. One for the train home on a cold winter evening.

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HOW TO SPEND IT

Highs without hangovers

ANYBODY WHO eats in expensive restaurants or in the private dining-rooms of City establishments can't have failed to notice that whereas once upon a time the finest white burgundies and clarets used to grace the tables, nowadays a bottle of mineral water is a more likely accompaniment.

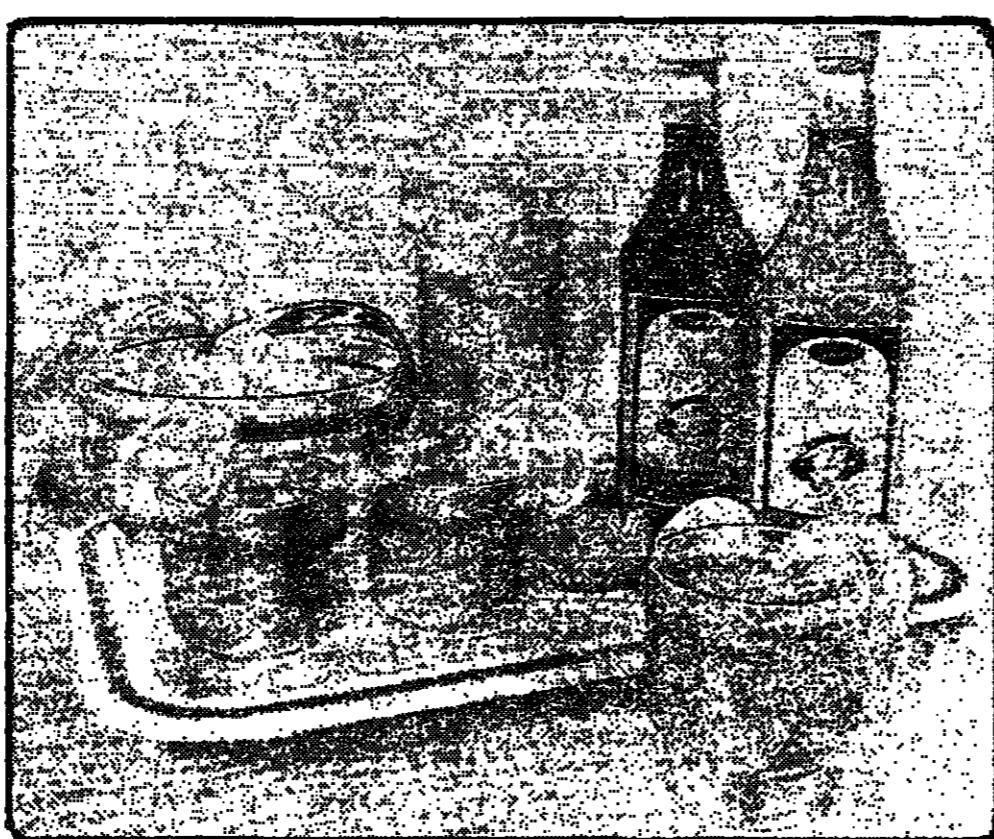
And it's not just in restaurants — in homes all over the country people seem to be trying to find "agreeable" ways of drinking less alcohol. The generation that took to wine in the wake of the growth in foreign travel has discovered the hard way that the time has come to cut down. The great health and fitness has got to us all.

The figures tell some of the story. Whereas in 1978 we bought just 57m worth of mineral water, in 1982 (the last year for which full figures are available) we bought some 230m. Sales of fruit juices have doubled in three years and in the last month there has been a whole spate of new attempts to capture the funds that once went to the wine merchant.

Probably the most sophisticated of the new alcohol-free drinks is the collection just launched by Ketell-Roc. Well, at least the packaging is sophisticated — the bottles lined up look for all the world like part of a well-stocked French bar, reminding one irresistibly of evenings in Paris sipping *Pernod*.

There are three different aperitifs in the range — Bacarat, Americano and Anise. The manufacturers tell me that all are made from blends of natural essences, herbs, spices and fruits. Besides having no alcohol at all in them they are also extremely low in calories — another booming section of the drinks market (last year some 136m litres of low-calorie carbonated waters were sold in the UK and research reveals that most of those who drink them are tipping them all the time and not just when they are on a diet).

Some intensive consumer testing of the three has been going on among my family, friends and colleagues and the general consensus seems to be that Bacarat is much the most appealing of the three — it aims, clearly, to be a substitute.



Pictures by Alan Harper

RIGHT: gentle, old-fashioned shapes from the traditional glass-blowing centre of Biot in the South of France. The General Trading Company of 144 Sloane Street, London, SW1, has recently started importing a range of this immensely charming glassware. In palest blue or clear white, the glass itself seems filled with bubbles and all the shapes have that slightly irregular look that is the mark of the truly hand-made. Photographed here is a large, traditionally shaped jug (£18.40 — there is a much smaller one, 4 ins high, at £10.55), two goblets at £3.80 each, and the ice bucket at £12.80. Also in the range are fluted champagne glasses, whisky tumblers, highball tumblers and candle-holders.

The tray is of rustic-looking cane (£13.65) and is large enough to carry quite a selection of glasses and drinks. Photographed on the tray with the glasses are two bottles from Ketell-Roc's non-alcoholic range — Bacarat and Americano.

Putting the cart before the course



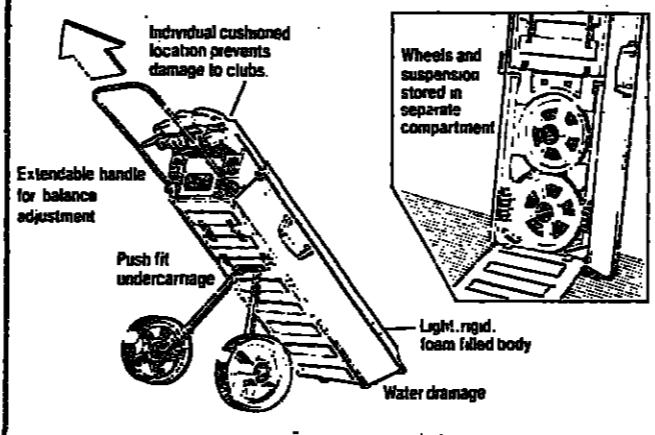
PHOTOGRAPHED here is a combination of a golf bag and trolley recently launched with much fanfare.

Described (by its inventors!) as "a clever new design combining the traditional golf bag and unwieldy metal trolley in one stylish flight-case," it is aimed at all those golfers who want more than a trot round their local links and fancy sampling the pains and pleasures of golf courses all over the world.

It costs about £198, is going into sporting departments and pro shops now and in the next few weeks but anybody wanting to buy one urgently can do so directly by writing to: Third Millennium, Manton House, High Street, Crosthwaite, Berkshire.

As I would hardly know a tee from a fairway I asked a former Channel Island boy champion to cast an expert eye over it. Here is what he had to say.

TIMES have changed since Old Tom Morris carried a motley selection of clubs under his arm at St Andrews in the last century. The modern golfer expects not only to transport his armory in a convenient



containing but to despatch it to accompany him on golfing holidays in the Algarve, other parts of Europe and even beyond.

Those who have seen their treasured clubs emerge head first into one of those revolving baggage-crushing machines at Heathrow will appreciate the need for something tougher than most conventional bags.

This does not necessarily mean you need an enormous bag of the sort that tournament pros go for. The new Caddylac not only provides rigid protection for the precious clubs but also offers a compactness which few

advantages, the Caddylac is nevertheless at risk of striking the traditional golfer as less of a gimmick than several predecessors which have since disappeared into oblivion. Golfers are a conservative-minded bunch and less receptive to the merits of innovation than most of their sporting brethren. The Caddylac cannot claim to be the most stylish of modern golfing equipment and probably falls between the two stools of club-carrying and trolley-pulling equipment.

If you're looking for more of a trolley you will probably want more storage capacity for your efforts than the Caddylac can provide — it offers relatively little space for the waterproofs, pullover, towel and other paraphernalia which the ardent golfer regards as all-important.

For him this drawback, together with the lack of what for want of a better word I call style, will be far more serious and will outweigh the fact that the Caddylac undoubtedly makes it easier to select the right club (a relatively minor matter).

There is no denying the Caddylac has considerable practical advantages but somehow I can't quite see this space age idea mounting any serious invasion of such a Royal and Ancient game.

POSTSCRIPT

OUT-OF-LONDON readers, or readers who cannot get to a really good needlework shop, might like to know about Richmond Art and Craft. Run by Mrs Julie Coade at 181 City Road, Cardiff, the shop has become not just a haven for needleworkers and artists in the Cardiff area but a source of mail order supplies for customers all over the country.

Mrs Coade stocks catalogues and packaged needlework kits by all the main suppliers (and will lend these catalogues to interested customers to help them choose) but in addition she stocks all the smaller items that crafts and needleworkers need — things like a big range of canvases of all gauges, even weaves for counted threadwork, a vast selection of embroidery threads, embroidery frames and everything needed for lace-making (apparently increasing in interest dramatically).

These in reach of Cardiff should visit the shop, other readers who might be interested should write to Richmond Art and Craft, enclosing 90p and ask for the very comprehensive catalogue.

DOWN on the Isle of Dogs, everything is beginning to happen. Beautiful warehouses are being restored, small busi-

nesses are blossoming and at 120 Cannon Workshops, West India Dock, a textile art centre, run by Barbara Marriott is flourishing.

Mrs Marriott calls the centre Stitch-Design and says it is a haven for (mainly) women from all over London, the Home Counties and areas surrounding the East End.

Some of the women who come love the peace and quiet — they learn how to quilt or embroider, to smock or to hand-knit. Others are serious students of textile techniques but whatever it is you want to learn, all the tutors are highly-experienced and are specialists in their field.

For instance coming up in the autumn is a course by Hilary Tilney on smocking and needlework connected with babywear — anybody who attends the three-day course will be shown how to produce a baby's layette for about £30. The range of courses on offer is continually changing to meet the students' demands but anybody who has any interest in needlework, embroidery, quilting or smocking will be bound to find something to suit their needs.

Price per day is just £15 and includes coffee, a splendidly healthy lunch and tuition. Having seen the work, I

can vouch for the fact that standards are very high and those who don't want to do the work but just buy the end-results can just ask about the regular exhibitions at which work is sold. Contact Barbara Marriott at Stitch-Design, 120 Cannon Workshops, West India Dock, Isle of Dogs, London E14 (tel. 01-987 2835) for further details.

IF nothing in any of the children's summer holiday camps I listed last week appealed either to you or your children, this week I was told about yet another course one run by The Young Cooks Club.

It costs just £50 and is small enough to sit on a draining board. Whereas the old model had just one programme, the new, updated version has several programmes from pre-wash, soak, wash and one to three rinses. Because it isn't fully plumbed-in it has to be filled manually by using a hose and for a hot wash it must, of course, be filled from the hot tap. Now that so many cold-water wash-powders are around, it can be used very effectively with plain cold water.

The machine weighs just 5 kgs, measures 475mm by 470mm but for storing it can be made a more compact shape by folding down the top. Made from tough beige polypropylene, it plugs into an electric socket just like

any other electric appliance. It washes up to 2 kg of dry clothing and can be found in most electrical departments as well as branches of Argos.

by Lucia van der Post



Water ways

I HAD never thought of adding up the cost of my indoor plant collection until one day

I went to interview a girl who

had a much more splendid

assortment and she told me

that she never went on half-

day without arranging a

"plant-sitter" because if

they were all to die while

she was away she would have

lost something like £500

worth. As my friend put it

"it concentrates the mind

wonderfully on devising ways

of keeping them alive."

I wouldn't mind betting

that many a plant is wilting

right now while its owner

lives at the bottom of the pot

above that is a layer of air

which circulates through the

potting soil above. Above the

air is a grid which draws

moisture and air through

wicks, spreading it evenly

over its surface so that the

plant roots can draw in the

water and air they need.

There are now several self-

watering containers on the

market. Grossi makes a

good range and Christian Day

will make them to any size

(up to 20 ft by 2 ft if that's

what you want) — order them

through any of the Clifton

Nursery branches.

Sketched above are three

simple, streamlined self-

watering containers made

from shock-resistant poly-

styrene. A reservoir of water

above that is a layer of air

which circulates through the

potting soil above. Above the

air is a grid which draws

moisture and air through

wicks, spreading it evenly

over its surface so that the

plant roots can draw in the

water and air they need.

Prices range from £4 for a

small pot (1.3 litre size) to

£50 for the longest

window box version. For

stockists write to: The Olive

Trees Trading Company,

Twickenham Trading Estate,

Rugby Road, Twickenham,

Middlesex.

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Film Type No. Read.

If colour print film required please indicate quantity and add cost to order

If ordinary Enprints required please tick box

NAME _____

ARTS

Gold fever

Coverage of the Olympics began before the games. Last Saturday LBC gave a scene-setting hour starting with a song, "Zola! Zola! Zola!" that almost stopped me listening. LBC claims to be the only independent station with full Olympics coverage, but the BBC has a dozen commentators on the spot, including Terry Wogan. He does a colour piece nightly between 11.00 pm and midnight or 3.00-4.00 pm Los Angeles time. Radio 2 is the only BBC channel open all night, so that's the place for results if you want them in a hurry and are out of range of LBC. Terry Wogan has also been on at his usual morning times but by then you can get your news from Radio 4, even Radio 3. I dare say if there's a massacre or a Brit wins a gold medal, many will turn to the radio. You can tell from the presence of Christopher Laneham as commentator that Radio 4's *History of Rock* isn't going to be serious. It is, on the contrary, extremely frivolous, a fantasy by Roger Palmer presenting a parodic history of popular music (rock only came in at the end of "Rock's" programme) as a series of comic incidents. The Birth of the Blues, as Mr Palmer recorded it, was very unlike the legend in



"The Dancing Years" at the Theatre Royal, Norwich: a possible addition to the touring network

Regional theatres turn entrepreneur

The country is rich with Theatre Royals. There is one in Nottingham and one in Brighton; one in Bath and in Birmingham; in Glasgow and in Plymouth. And more. Yesterday the men responsible for putting together the programmes for these Theatre Royals got together to discuss a joint approach, taking in turn productions, which would usually start at Birmingham, putting up some of the initial cost, and investing any profits from the plays in new ventures. An "O Level" Shakespeare play and a *Man for all Seasons* are likely to be the first 1983, I trust, from the enterprise.

It is a revolutionary approach. In the past regional theatres kept their own counsel; tended their own gardens; and pursued their own course for survival in a precarious world. Now the threat of general catastrophe has persuaded them to concoct a joint survival kit.

While the biggest funder of the arts in the UK, the Arts Council, has been committed for many years now to a policy of investing in the regions (and running down the proportion of its revenue that goes to the London-based national companies), the experience of the regional theatres has been that in the last year or so their support from the Council has shrunk. Some selected venues, in Bristol and Leeds, in Newcastle and Leicester, have done well, and have been earmarked for more cash. But the Arts Council has cut back on its support for touring productions, and seems to have suspended its successful

policy of investing in big touring musicals even though the two it backed, *My Fair Lady* and *Oklahoma!* enjoyed money recouping West End runs.

The reluctance of the Arts Council to show an interest in drama touring (it was scarcely mentioned in the key "Glory of the Garden" policy statement which predicted the next 10 years) has coincided with a major cut-back by commercial management in provincial towns. Five years ago half a dozen management were keen to tour, sometimes knocking

plays into shape for London.

Sometimes because touring was a profitable enterprise, especially with the Arts Council offering weekly guarantees against loss of up to £5,000. Now commercial touring is drying up. Duncan Weldon of Apollo-Triumph, the most active theatrical management in the country, has just one play on tour, Alan Ayckbourn's *Way Upstrem*. Five years ago it might have had eight productions on the road at any one time. He can foresee a near future in which there will be no touring by his company.

"It has become too expensive. The cost of touring a first-class show is above what the theatres can guarantee." There are three main reasons: the higher fees demanded by major stars who can earn more, and more comfortably, in television and in the West End, plus a general rise in production costs; a freezing, or a reduction, in local authority support for theatres which has meant that they are unable to pay the guaranteed (which can be up to £15,000

a week) for a touring play, and fewer guarantees against loss by the Arts Council. The consequence is that a theatre like Bath is getting three production from Apollo-Triumph in the next 10 months as against 16 in the previous 18 months.

The recent boom in the West End theatre has also concentrated the attention of producers on the richer pickings in the metropolis. There are still some pre-London tours, but they tend to visit fewer theatres.

Last week the Theatre Royal in Norwich opened its own production of Ivor Novello's *The Dancing Years*. It is a lavish show and cost the theatre £80,000 to mount. It is very unlikely to pay for itself in its three week run but closing the theatre would have been equally expensive and there is a good chance that other regional theatres, with empty weeks, will take *The Dancing Years*.

Norwich was forced into the

role of entrepreneur because the planned production for the period, a touring version of *Carousel* mounted by the Ascroft Theatre, Croydon, and enthusiastically supported by many theatres short of product, had to be abandoned when the Arts Council refused to offer guarantees.

However, the theatres interested in Sunderland, Wolverhampton, Hull, Darlington, Liverpool, Cardiff and more—are maintaining contact with the aim, like the Theatre Royal grouping, of refurbishing venues: now it is being asked to assume a responsibility for keeping its investment alive.

ANTONY THORNCROFT

£7,500 a week just to break even on top of the money it must pay for a touring production; others are not in the black before £12,000 has been taken at the box office. Touring productions might do 75 per cent business in one theatre and 40 per cent the next week.

Perhaps, not surprisingly, they have turned to the Arts Council for aid. In the past few years the Arts Council has spent well over £4m on restoring regional theatres. There are still some pre-London tours, but they tend to visit fewer theatres.

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Gun lore

Al Pacino is in London this month, and no one will be eating in an Italian restaurant without a bullet-proof shirt, like the coils of a giant squid, but at the richness of characterisation and boldness of symbolism. (Look at the scene where Pacino and his cronies carve up a celebration cake in pre-Castro Cuba while their conversation carries up Cuba itself —you take this hotel and I'll take that one.)

The film's "melodrama" is always the right side of the tracks: nearer under-than-over-emphasis. And Gordon Willis's dazzling colour photography in both films yields richness without hyperbole, from the gilding rim-lighting of day interiors to the dramatic chiaroscuro of night scenes.

But it's Pacino's performance which is the saga's trump card. None of the fireworks of his later movies (like *Dog Day Afternoon* or *Scarface*) are here: it's a sallow, refined, evil-Pinchinello characterisation which most posh critics pooh-poohed at publication, such a knockout movie spectacle? And so disbelieve-suspecting a one too, despite the doubts we may have that Sicilian and Sicilian-emigrant life are really so remorselessly blood-letting. I have just returned from two weeks in Sicily where the only thing I was attacked by was a jellyfish and I have no reason to believe that it was in the employ of *Cosa Nostra*. Yet in the *Godfather* movies characters have only to turn up their noses at a plate of Momma's

VIDEO

NIGEL ANDREWS

spaghetti, or say something disrespectful about the Pope or Frank Sinatra, to become riddled with bullets like a colander.

Of course the surprise and delight of Francis Ford Coppola's two-bander is that it gets away with murder on every count: it defies protests of implausibility, it defies you to be bored and it even defies the laws of sequitilis. The *Godfather* is just dismissible if you feel mean as a talented blood-and-thunder epic, elevated by Brando's great tragicomie turn as a Capo given to chewing cotton wool, raising his eyes to Heaven and speaking with a croak and have to express my adulation with quill-not vocal cords.

So let me toast a great British star and read out to you a monument in Masonry carved in video. Some of his best films are still missing, infuriatingly, from the cassette listings, notably *A Star Is Born* and *Lolita*. But it's often just as enthralling to watch Mason rescuing had or erratic movies as doffing perfectly with good ones. Here is a pick of his best videos: *The Serpent's Veil* (*Thorn-EMI*), *Odd Man Out* (*Rank*), *The Wicked Lady* (*Rank*), *North By Northwest* (*MGM/UA*), *The Fall of the Roman Empire* (*Interscope*), *Cross of Iron* (*Thorn-EMI*), *Heaven Can Wait* (*CIC*), *Murder By Decree* (*CBS/Fox*) and *Autobiography of a Princess* (*Virgin*).

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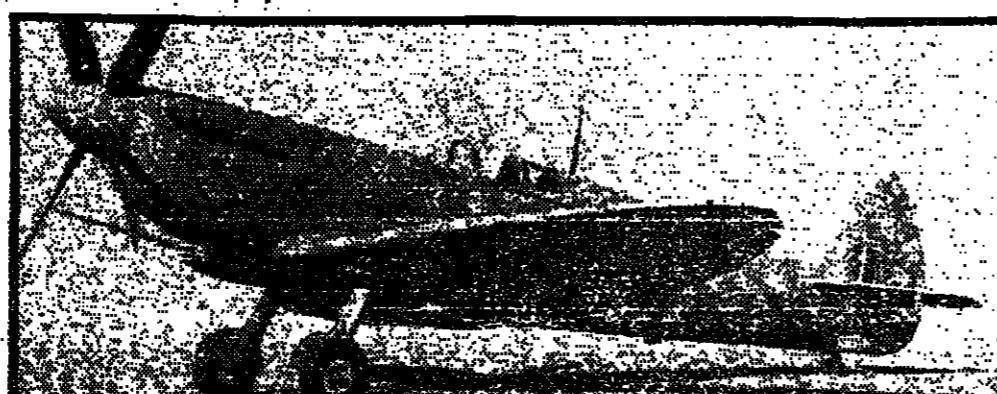
BY JANET MARSH

SHOULD YOU FANCY a World War II Supermarine Spitfire of your very own there is a chance to buy one on Monday week, in an auction to be held by Christie's, South Kensington at the Imperial War Museum's, Duxford, Airfield. The only snag is that the price is unlikely to be less than a quarter of a million pounds.

The last Spitfire Christie's sold, a Mark IX of 1943, realised £260,000. The one in next week's sale, the only recorded airworthy example of the Mark XI, was previously sold by Christie's a year or so ago, seriously in need of restoration, for £100,000. Since then it has been reconditioned and restored to spanking trim and fetching electric blue. Last week the aircraft received its Permit to Fly, and a glowing report from Rolls-Royce's chief test pilot.

Alongside the prehistoric rarities of the Wright and Blériot period, and such romantic vintage machines as the First World War Sopwith Camel, the Spitfire is one of the great planes that every collector of historic aircraft dreams of owning. It was designed by R. J. Mitchell, put into production by the Supermarine Company in 1936, and with its slim body and distinctive elliptical wings was instantly recognised as a brilliant and revolutionary fighter design.

It is appropriate that Christie's sale is at Duxford, for it was at this airfield that the first Spitfires were delivered to No 19 Squadron of the RAF. By the time of the Battle of Britain, 44 years ago this summer, 390 Spitfires were in service; and between 1942



One of the last of the few and 1944 470 machines of the Mark XI model alone were to be supplied to the RAF.

The Mark XI was the ultimate development, stripped of every bit of surplus weight — even including the radio — to give maximum speed. Trials at Boscombe Down in 1943 recorded speeds in excess of 400 mph, and in high speed diving tests Mark XI's approached the sound barrier, at more than 600 mph.

The Spitfire remained in production for ten years, and in the opinion of most enthusiasts was never surpassed in design by any other piston-engined aircraft.

At present there are probably around a dozen airworthy Spitfires in private or public collections, with rather more grounded examples, many of which proudly guard the gates of RAF stations. The number of serviceable craft is always increasing, however as private enthusiasts recondition them (one Londoner, for example, is currently at work on a Spitfire in his garage). Aviation

archaeologists also continue to salvage wrecks; though the War Graves Commission very properly prohibits disturbance of aircraft that were lost, still crewed, in bogs or rivers.

A decade or so ago, — for example when the fleet assembled for the film *The Battle of Britain* was disbanded — it was still possible to pick up a Spitfire for a mere £10,000 or so, and other types for considerably less. Robert Brooks, who is in charge of Christie's aircraft sales, points out however that even today you need not pay Spitfire prices to own your own aircraft. Though prices are certainly rising, it costs hardly more to buy and run a Tiger Moth (there is a 1941 example in Christie's sale) than a sports car. The craft itself will now cost about £15,000-£20,000; in favourable conditions it can do 15 miles to the gallon. Otherwise all you need is a handy airfield, and flying clubs are proliferating throughout the country.

Mr Brooks says that many

people now taking up flying are rediscovering the thrill of learning in a Tiger Moth rather than in more modern trainers that offer all the comforts of home. Introduced in the early thirties, the little Tiger Moth was used to train a whole generation of pilots, including many of those who fought the Battle of Britain. Mr Brooks is a tiger himself, and runs his own Tiger Moth. It has no brakes and it can suddenly spin around on its tail if you're not careful, says he with a sense of real delight at the possibility.

Other famous World War II planes have not survived so well. The Hawker Hurricane, for example, is much rarer than its comrade-in-arms, the Spitfire. The most vulnerable aircraft were those made largely of wood, like the Miles Magister, which ended up on RAF bonfires after the war. Bombers seem to have had less chance than fighters: there is no known airworthy example of the Wellington, the Fairey Battle, on the Gloucester Gladiator.

A warning on champagne

THERE IS A GOOD DEAL more sparkle in the air of Champagne than there was a year ago. Two huge vintages have lifted the stock figures well above the required three-year-sales minimum, and sales are booming, particularly in the export field where the high dollar, in relation to the franc has put the U.S. at the head of the list, where it will almost certainly remain until the end of the year. Recovery has also taken place in the recently depressed Belgian and Italian markets, while if UK imports are at much the same level as last year (we were, after all, the world leaders then), the total will exceed 10m bottles.

The French market is expanding again on a rather different level. Between them the 1982 and 1983 vintages produced a total equivalent to nearly 600m bottles (including the 100m blocked for release later) compared with sales in those years of not much over half that quantity. Not surprisingly, therefore many of the small, financially hard-pressed merchants have been unloading their stocks onto the supermarket shelves at very low prices. Where the price of a non-vintage grande marque, such as Moet et Chandon or Bollinger is around 80 to 90 francs a bottle, these lesser marques may be retailing as now at 35 francs. There is also likely to be a good deal of this type of champagne floating about in the British market this autumn.

However, before queues start forming here to buy up these low-price champagnes — mostly with little-known label names — their quality should be questioned. A non-vintage champagne can be sold when it has had one year in bottle; a vintage one a minimum of three years. However all the leading houses expect to give their non-vintage wines an average of three years' bottle age. But some producers have been jumping the gun by bottling the new wines for their second, sparkling fermentation within a month or two of the original vintage, instead of waiting until the following April or May as is traditional. In this way they have been able legally to market their bottles prior to the next Christmas and New Year.

Meanwhile the grander marques have yet to recover their wanted position on the French market, and this applies also to the growers who make (or have the local co-operative make) and market their own champagne, because with an average price of 45 to 50 francs a bottle, they are undercut by the cut-price merchants.

Yet in recent years "growers champagne" has represented



WINE
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The premature sale of these immature champagnes has united the organisations of both growers and merchants, for they realise that champagne's success in a highly competitive sparkling wine world depends almost entirely on quality. As a result they have approached the French parliament with a regulation forbidding the bottling of the latest champagne vintage before the beginning of the year following that vintage. This has already been passed by the Chamber of Deputies and will meet no significant opposition in the Senate, for all French governments, regardless of political colour, are keenly alive to the importance of champagne as an export earner. The effect of this new regulation will be to delay barely one-year-old champagnes from being sold at the peak pre-Christmas and New Year sales season.

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produce the secondary fermentation they are accompanied by what may be described as fish glue, which adheres to the yeasts when they have done their work and together they are gradually drawn down the bottle. Otherwise a non-clear, "blue" champagne emerges.

For several years now Moet & Chandon, in collaboration with the laboratories of the Comité Interprofessionnel, have been experimenting with a sort of encapsulated yeast inside a ball of this glue, which nevertheless allows the enzyme in the yeast to pass through it and transform the sugar in the wine into alcohol. Thereafter the remouage takes no longer than 10 days.

Although this has proved initially successful at an experimental stage, there is a long way to go before production on a large scale is assured. First, because although the device may work at an early stage in the life of the wine, will the flavour be affected when it is five or ten years old? Secondly, industrial production has yet to be achieved. So the research team is looking something like six to ten years ahead, and even then, as with the once widely promoted automatic gyro-palette, it is unlikely to be the universally adopted panacea as has been suggested.

The gyro-palette, a sort of open-topped cage full of bottles that gyrate at varying angles, was halved ten years ago as a great breakthrough. Not so in saving money, for the equipment is very expensive, but in economising in cellar space, for the pupiles in which the hand remouage takes place occupy a great deal of room. Some houses, such as Taittinger and Piper-Heidsieck, have gone over totally to gyro-palettes and find them highly satisfactory, but although widely tested they are not used by many firms. The new "ball" device will also be a space saver, as the remouage time will be greatly shortened and the large capital cost of the gyro-palettes obviated. One has to wait and see how this new method works out. Of course, if it is successful it will be adopted for other sparkling wines made by the champagne method of fermentation in bottle.

One item in *Chess Notes* casts doubt on the established view that Alekhine in his last years had become a sick alcoholic, incapable of a serious defence of his title. This game from a tournament of eight months before the champion's death shows all the deep strategy and harmonious control of his best period.

White: Mamel.
Black: A. Alekhine.
Roy Lopez (Gijon 1945).

1 P-K4, P-K4; 2 N-KB3, N-QB

3; 3 B-N3, B-B4; 4 P-B3; Q-B3;

5 0-0 (tame; the critical reply to Black's rare defence is 5 P-Q4, PXP; 6 P-K5), KN-K3; 6 P-Q3, P-KR3; 7 B-K3, E-N3; 8 P-Q4; 9 P-Q5, N-Q1; 10 B-K2, P-Q3; 11 QN-Q2, N-N3; 12 N-B4, BxP; 13 PxB (the fight is for White's KB4 square, and Alekhine's opponent puts up a hard resistance), Q-R2; 14 N(B4)-Q2, P-KB4; 15 PXP, BxP; 16 Q-K1, P-B3; 17 P-B4, N-B2; 18 Q-N3, Q-RB1; 19 Q-RB1, N(B2)-R1! (in the style of Nimzowitsch, and a seesaw regroup. Twenty moves later this knight leads the final attack): 20 P-KR4, Q-QB2; 21 P-R5, N-K2; 22 P-K4, B-Q2; 23 P-N3, R-B5!

Alekhine wins the strategic battle. This KB5 square is the pivot for the following attack.

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24 P-R4, Q-R4; 25 Q-K1, N-B2; 26 N-R2, Q-B4; 27 K-R1, P-K1; 28 R-K2, P-SR; 29 KPNP, Nsp; 30 B-B3, N-K3; 31 ExP, R-K1; 32 Q-B2, N-K4; 33 B-K4, R-KB1; 34 R-K1, E-B2; 35 BxP, QxP; 36 Q-K2, R-B4; 37 N(Q2)-E1, NxNP!

Decisive: Alekhine had to forego all the rest of the game.

38 QxN, P-B6; 39 Nxp, NxN;

40 N-N3, R-B5; 41 R-K4, R-Kx;

42 Resigns. For if 42 QxN, R-R5 ch; 43 K-N2, R-R7 ch wins

44 P-N3, R-B5 ch; 45 K-N1, R-R7 ch; 46 K-N2, R-R8 ch; 47 K-N3, R-R9 ch; 48 K-N4, R-R10 ch; 49 K-N5, R-R11 ch; 50 K-N6, R-R12 ch; 51 K-N7, R-R13 ch; 52 K-N8, R-R14 ch; 53 K-N9, R-R15 ch; 54 K-N10, R-R16 ch; 55 K-N11, R-R17 ch; 56 K-N12, R-R18 ch; 57 K-N13, R-R19 ch; 58 K-N14, R-R20 ch; 59 K-N15, R-R21 ch; 60 K-N16, R-R22 ch; 61 K-N17, R-R23 ch; 62 K-N18, R-R24 ch; 63 K-N19, R-R25 ch; 64 K-N20, R-R26 ch; 65 K-N21, R-R27 ch; 66 K-N22, R-R28 ch; 67 K-N23, R-R29 ch; 68 K-N24, R-R30 ch; 69 K-N25, R-R31 ch; 70 K-N26, R-R32 ch; 71 K-N27, R-R33 ch; 72 K-N28, R-R34 ch; 73 K-N29, R-R35 ch; 74 K-N30, R-R36 ch; 75 K-N31, R-R37 ch; 76 K-N32, R-R38 ch; 77 K-N33, R-R39 ch; 78 K-N34, R-R40 ch; 79 K-N35, R-R41 ch; 80 K-N36, R-R42 ch; 81 K-N37, R-R43 ch; 82 K-N38, R-R44 ch; 83 K-N39, R-R45 ch; 84 K-N40, R-R46 ch; 85 K-N41, R-R47 ch; 86 K-N42, R-R48 ch; 87 K-N43, R-R49 ch; 88 K-N44, R-R50 ch; 89 K-N45, R-R51 ch; 90 K-N46, R-R52 ch; 91 K-N47, R-R53 ch; 92 K-N48, R-R54 ch; 93 K-N49, R-R55 ch; 94 K-N50, R-R56 ch; 95 K-N51, R-R57 ch; 96 K-N52, R-R58 ch; 97 K-N53, R-R59 ch; 98 K-N54, R-R60 ch; 99 K-N55, R-R61 ch; 100 K-N56, R-R62 ch; 101 K-N57, R-R63 ch; 102 K-N58, R-R64 ch; 103 K-N59, R-R65 ch; 104 K-N60, R-R66 ch; 105 K-N61, R-R67 ch; 106 K-N62, R-R68 ch; 107 K-N63, R-R69 ch; 108 K-N64, R-R70 ch; 109 K-N65, R-R71 ch; 110 K-N66, R-R72 ch; 111 K-N67, R-R73 ch; 112 K-N68, R-R74 ch; 113 K-N69, R-R75 ch; 114 K-N70, R-R76 ch; 115 K-N71, R-R77 ch; 116 K-N72, R-R78 ch; 117 K-N73, R-R79 ch; 118 K-N74, R-R80 ch; 119 K-N75, R-R81 ch; 120 K-N76, R-R82 ch; 121 K-N77, R-R83 ch; 122 K-N78, R-R84 ch; 123 K-N79, R-R85 ch; 124 K-N80, R-R86 ch; 125 K-N81, R-R87 ch; 126 K-N82, R-R88 ch; 127 K-N83, R-R89 ch; 128 K-N84, R-R90 ch; 129 K-N85, R-R91 ch; 130 K-N86, R-R92 ch; 131 K-N87, R-R93 ch; 132 K-N88, R-R94 ch; 133 K-N89, R-R95 ch; 134 K-N90, R-R96 ch; 135 K-N91, R-R97 ch; 136 K-N92, R-R98 ch; 137 K-N93, R-R99 ch; 138 K-N94, R-R100 ch; 139 K-N95, R-R101 ch; 140 K-N96, R-R102 ch; 141 K-N97, R-R103 ch; 142 K-N98, R-R104 ch; 143 K-N99, R-R105 ch; 144 K-N100, R-R106 ch; 145 K-N101, R-R107 ch; 146 K-N102, R-R108 ch; 147 K-N103, R-R109 ch; 148 K-N104, R-R110 ch; 149 K-N105, R-R111 ch; 150 K-N106, R-R112 ch; 151 K-N107, R-R113 ch; 152 K-N108, R-R114 ch; 153 K-N109, R-R115 ch; 154 K-N110, R-R116 ch; 155 K-N111, R-R117 ch; 156 K-N112, R-R118 ch; 157 K-N113, R-R119 ch; 158 K-N114, R-R120 ch; 159 K-N115, R-R121 ch; 160 K-N116, R-R122 ch; 161 K-N117, R-R123 ch; 162 K-N118, R-R124 ch; 163 K-N119, R-R125 ch; 164 K-N120, R-R126 ch; 165 K-N121, R-R127 ch; 166 K-N122, R-R128 ch; 167 K-N123, R-R129 ch; 168 K-N124, R-R130 ch; 169 K-N125, R-R131 ch; 170 K-N126, R-R132 ch; 171 K-N127, R-R133 ch; 172 K-N128, R-R134 ch; 173 K-N129, R-R135 ch; 174 K-N130, R-R136 ch; 175 K-N131, R-R137 ch; 176 K-N132, R-R138 ch; 177 K-N133, R-R139 ch; 178 K-N134, R-R140 ch; 179 K-N135, R-R141 ch; 180 K-N136, R-R142 ch; 181 K-N137, R-R143 ch; 182 K-N138, R-R144 ch; 183 K-N139, R-R145 ch; 184 K-N140, R-R146 ch; 185 K-N141, R-R147 ch; 186 K-N142, R-R148 ch; 187 K-N143, R-R149 ch; 188 K-N144, R-R150 ch; 189 K-N145, R-R151 ch; 190 K-N146, R-R152 ch; 191 K-N147, R-R153 ch; 192 K-N148, R-R154 ch; 193 K-N149, R-R155 ch; 194 K-N150, R-R156 ch; 195 K-N151, R-R157 ch; 196 K-N152, R-R158 ch; 197 K-N153, R-R159 ch; 198 K-N154, R-R160 ch; 199 K-N155, R-R161 ch; 200 K-N156, R-R162 ch; 201 K-N157, R-R163 ch; 202 K-N158, R-R164 ch; 203 K-N159, R-R165 ch; 204 K-N160, R-R166 ch; 205 K-N161, R-R167 ch; 206 K-N162, R-R168 ch; 207 K-N163, R-R169 ch; 208 K-N164, R-R170 ch; 209 K-N165, R-R171 ch; 210 K-N166, R-R172 ch; 211 K-N167, R-R173 ch; 212 K-N168, R-R174 ch; 213 K-N169, R-R175 ch; 214 K-N170, R-R176 ch; 215 K-N171, R-R177 ch; 216 K-N172, R-R178 ch; 217 K-N173, R-R179 ch; 218 K-N174, R-R180 ch; 219 K-N175, R-R181 ch; 220 K-N176, R-R182 ch; 221 K-N177, R-R183 ch; 222 K-N1

Saturday August 4 1984

The bulls take over—for now

EXACTLY two years ago, in August 1982, the world's stock markets took off on one of the most spectacular rallies in financial history. Then, as now, investors everywhere took their cue from Wall Street, where interest rates had suddenly begun a precipitous fall. Then, as now, the sudden triumph of bullish sentiment followed immediately upon a period of intense gloom, when the bears reigned almost unchallenged, particularly in the U.S. bond market. In the summer of 1982, most leading economists were as convinced as they were two weeks ago that the trend in U.S. interest rates was flat at best, that the mounting budget deficits presented an insurmountable obstacle to investor confidence and that the imbalance in American policy left little scope for decisive improvements in the rest of the world.

It is understandable, then, that brokers from Singapore to Toronto were tempted to echo the cry of one Wall Street dealer on Thursday, as he watched the Dow Jones Industrial Average soar 31.47 points, an all-time record trading volume: "It's a new August".

That this worldwide market rally is not to be taken lightly was confirmed by the technical breadth of the market rebound and the massive follow-up in both London and Wall Street on Friday morning. But the feverishly bullish sentiment and the panic buying reported by brokers among some of their institutional clients will not be enough, on its own, to turn August 1984 into the start of another golden period like the one which began for investors two years ago.

Crisis difference

The most crucial difference between the two months of August can be stated simply: August 1982 came just before the bottom of a worldwide business cycle; today the business cycle is well into its upswing and the questions are not about whether an economic recovery is possible, but about what kind of recovery it is and how long it can continue.

These issues look very different depending on whether the vantage point is America or Europe. For the U.S. the challenge now is to slow the growth of output and employment to a moderate pace without relapsing into stagnation or precipitating a financial crisis. In Europe, including Britain, the problem is how to maintain or even accelerate the current modest pace of economic progress.

In the ideal world of textbook economics, both sets of problems would have been resolved already without too much difficulty. The U.S. Government would by now have in place a set of tax and spending mea-

sures designed to close the budget deficit and let up on the fiscal stimulus as the economy approaches the inflationary danger zone of 7 per cent unemployment and 55 per cent capacity utilisation. Some of the European governments which have been most successful in conquering inflationary expectations and defeating the wage-push tendencies in their labour markets would meanwhile be preparing to relieve some of the fiscal and monetary pressures on their economies: domestic demand would take over as the growth of exports to the U.S. and its satellite economies slowed down.

Wage inflation

In reality, however, neither side of the Atlantic is willing, or able, to play its part in the stabilisation efforts which a return to strong and balanced worldwide growth will probably require. The problems in European labour markets are of a long-term nature. Not even the strongest governments feel confident yet that the tide of rising real wages, intensifying union militancy and growing public spending has been reversed. They are not prepared to take the risk of relaxing the present macroeconomic constraints and probably will not do so in the near future. This is why all eyes still turn to the U.S., as they did two years ago. This time however the prospects are less encouraging.

The markets have taken heart because they detect tentative signs that the U.S. economy is slowing without the need for even more interest rate pressure from the Federal Reserve. But the statistics which have attracted attention so far are notoriously volatile and misleading on a month-by-month basis. Yesterday's unemployment figures, for example, showed an unexpected jump from 7.1 to 7.5 per cent, and gave even more impetus to the Wall Street rally. But on closer inspection, more ominous indications were buried in the fine print of the employment release: the growth of hourly earnings in June and July provided the first major indication that U.S. wage inflation is creeping up.

But there is much more serious uncertainty facing the world's financial markets than mere statistical aberrations. The U.S. economy may indeed be slowing down. But if it does slow—and then takes Europe with it—can a world economic pause be prevented from turning into an all-out recession, with grave consequences for international debt, European unemployment and U.S. budget deficits? If it cannot, the markets may find themselves pinning nostalgically for the past few months of unsustainable U.S. growth.

In the long-term, both of these latter cash savings will probably be offset by a catch-up in the investment programme, and by a partial coal stock re-build. The cash cost of the dispute would then rise towards our estimate of the full cost. In addition, potentially expensive repairs to many damaged pits may also need to be paid for.

All in all, the eventual cost still seems to me likely to exceed £20m per week of elapsed strike time, perhaps by quite a wide margin. But I should add that this arithmetic conclusion carries no logical implications whatever about whether the Government should make further concessions to the striking miners. Nor does it argue that the PSSR will necessarily overshoot the £75m target for 1984-85. The contingency reserve was designed precisely this type of contingency.

Gavyn Davies,
1 London Wall Buildings, EC2.

TIME WAS when business men and women went out to clinch deals armed only with their wits and a fountain pen.

Now the young Turks of the information revolution can, if they wish, take on the world festooned with electronic gadgetry like a Christmas tree. "We don't like the word 'gadgets,'" said a salesman stiffly. "We prefer to call them business tools."

Tools or gadgets, all the devices featured here share two common attributes. Microelectronic circuitry is the secret of their small size, light weight and low cost. Also, all are concerned with the gathering, storage, manipulation and dissemination of business information.

And, with a sympathetic nod in the direction of the still-pertinent salesman, they are all pieces of equipment which do what is claimed for them.

But caveat emptor: there is an infallible rule for the successful acquisition of electronic business machines and it is this: First, identify the real need. Second, see if it can be satisfied using traditional methods. Third, and only then, look for an electronic solution.

There is a rule to this rule: one gadget at a time. Anybody investing in all the portable equipment shown here would need the strength of an Olympic weightlifter and an Einstein-like mind to cope with all the instructions and modes of operation.

Nothing too complicated about the humble pocket calculator (A), one might argue, but one would be wrong. The real businessman needs a financial model, capable of being programmed to work out compound interest and amortisation schedules, U.S. bond calculations and flexible cash flow analysis.

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I sympathise with Mr. Brittan's concern over the apparently pivotal role played by bankers and inter-bank dealers in the decision as to whether interest rates should go up, but I do not think he has identified the nub of the problem. It does not matter whether the Bank operates a bank rate, MLR or (as now) an intervention rate system, as long as it is prepared to act in the money markets to bring about the configuration of interest rates deemed appropriate by

the authorities. If the old MLR system had been in place during the recent crisis the same conditions could have obtained. Three-month rates could have risen well above base rates (and MLR) levels, as they did two weeks ago, eventually forcing an increase in base rates (and MLR).

The authorities would have two related ways to prevent this:

(i) to leave the market with a surplus of liquidity, thus bringing down ultra-short rates, and hoping to influence longer money rates; (ii) to deal aggressively in longer instruments (eg three-month bills) with a view to achieving whatever three-month rate the authorities desire. But both these options are available under the current system.

What arguments stood against these authorities adopting one or both of these options in the recent crisis? The authorities would have had to accept the consequences for sterling of maintaining interest rates at



A fully-equipped office: the gadgets are identified in the text

Brane Radovic

the underside of the computer, like video game cartridges. It can function as the world's most expensive alarm clock or desk diary, but one of its most interesting uses is as a mobile mail box for Telecom Gold, British Telecom's electronic mail service (other portable computers, from the Tandy TRS100 to the exquisitely expensive Grid Compass, work just as well); there are other commercial electronic mail services such as Iritel's Comet).

"Letters" delivered through electronic mail are stored in the memory of a big computer until the recipient is ready to receive them. He or she connects a microcomputer (the "mailbox") to the main computer (the "poste restante") over the public telephone network. A modem (C), a device which translates computer language into signals which can be transmitted over the telephone line, is essential.

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For the executive on the road, the type called an acoustic coupler (Tandy Corporation £279.95, inc VAT) makes it possible to connect the computer to the telephone network through an ordinary handset. Gold costs £100 for the first month with unlimited usage, £10 minimum a month thereafter. Line charge is 10.5p a minute.

Both computer and modem are battery powered so a portable battery charger (about £8) is needed to provide a variety of voltages. Another must for the executive briefcase is a cigarette lighter socket.

Convenience is the best feature of electronic mail—

The answer (E) is a text pager. This device, manufactured by Motorola and distributed in the UK by Aircall (£29 a month for the service), is a far cry from the simple telexes of yesteryear.

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Neil Kinnock's first parliamentary session as party leader has had mixed reviews. Here he tells Margaret van Hattem why he thinks Labour can and should win the next election

With a little help from the Tories . . .

"I HOPE" Margaret Thatcher will be there until the next election. Those factors perceived as her strengths in 1982/83 are increasingly seen as her weaknesses — hers and those of the Tory Party.

Neil Kinnock, looking ahead from his first parliamentary session as Labour leader, concedes that the party will need a little help from the Tories if it is to win the next election. Indeed, at this stage he is prepared to allow that as much as 50 per cent of a Labour victory may depend on Tory failings. He does not think they will let him down.

"My father used to say that there's no shortage of intelligence in this country, but there's a great shortage of common sense. And that's her greatest failing. She's bunkered herself in, so that it's no longer possible for her to use common sense responses. Anyone who can compare the miners to Gaither's troops . . ."

As he sees it, the coal dispute typifies the Government's isolation and inability to see what is going on. The miners may be wrong, but they are not unreasonable. They are simply reacting to a situation created and fostered by the Government, and their tactics are a

always draw attention to the violence."

He points out that the British trade union movement differs from many of its European counterparts in that it has never resorted to systematic violence. "They know that public support is alienated by violence. They know that that's what being British means."

The trade unions, he suggests, have been forced on to the defensive because of the Thatcher Government's antagonism. The result is a creeping conservatism, based on fear. It shows up as an inflexible commitment to outdated work practices that are inimical to industrial regeneration.

"What do you think the docks strike was about? Those who have got jobs now are concerned mainly to hang on to them. Once they have recovered from the first shock—the feeling of the last four or five years that no one was safe—they become even more wedded to conservative job practices, to the idea of hanging on to their jobs."

It is this fear, not the effects of intimidation, that lies at the heart of the coal dispute, he insists. Until Cortonwood, miners had some confidence in the procedures laid down in the Plan for Coal—procedures that assured them of choices, options, and of time, to consider them. (Cortonwood was the Yorkshire pit the NCB announced it was closing, thus triggering the strike.)

"There was a basic reassurance, and that was why Arthur Scargill lost his first three strike ballots. All that went out the window with Cortonwood, that reassurance was taken away and all Scargill's prophecies came true. It went through the coalfields like wildfire."

Some people in the Government understand this — Tom King does, so does Willie Whitelaw. But the Government as a whole doesn't. He likens Mrs Thatcher's supporters to a mass picket, and in its way as aggressive, as that mounted by the NUM. "It's amorphous, distributed. It doesn't look ugly from the outside because it appears in newspapers rather than outside factory gates."

It is Mrs Thatcher, not the miners, who benefits from the violence, he insists. "It's the only thing providing her with relief from criticism of her refusal to intervene. She can



No shortage of intelligence, but of common sense

mirror image of those of Mrs Thatcher and her supporters in their insistence that they are "fighting to win."

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saying the things she is saying, Arthur Scargill, Peter Heathfield and Mick McGahey can all knock off for their holidays."

If the miners' strike illustrates the Prime Minister's inability to comprehend the defensiveness of the union movement, it also, he suggests, shows her inability to understand the "root problem" of the British economy which he diagnoses as lack of capital investment. This, it emerges, is the ground on which he plans to fight the next election. And he intends to ensure that the party keeps to this ground, even if it means fighting those who should. "The only way to change the law is to win an election and repeal it." This, he promises, a Labour government will do.

In the meantime, he adds, "if Margaret Thatcher keeps on a wider front . . ."

"We will have to be very selective about our priorities. Priorities means just that— you can have four, you can't

have 15." Labour's priorities will all be linked to investment—investment in production and industrial repair, to stimulate recovery much as the Reagan Government is now doing.

Though he mocks the Government for its failure to cut taxes, it is not because he supports such action. "The Government talks of tax cuts as though they were the lever that will release all the inventiveness, hard work, earnestness that's there—it's bloody rubbish. They haven't done it and it doesn't get near the root of the problem, which is the fact that there hasn't been any investment for years.

The lack of capital commitment undermines our capacity to produce, to produce cheaply and to sell. The problem of British capitalism is its lack of integration with the productive

sector of our economy."

The process of integration has begun, he says, but it is very slow. The role of government is to accelerate the process—formally, by institutional means including public ownership in some spheres; semi-formally, through bodies like Nedd and planning councils; above all by instituting a regime "which continually expects money to be used in this way."

This will almost certainly involve re-imposition of exchange controls, and the setting up of a national investment bank—indeed an economic programme very similar to that on which Labour fought the last election.

He does not deny this, nor does he see any need to apologise. "All the polls in the run-up to June 1983 showed we were getting it right—that unemployment, investment, training were seen as the most important issues. We lost not only because of our stupid preoccupation with internal affairs, but also because of the way credible policies were made to look incredible by a 5 per cent exaggeration. The suggestion that our policies would in some way throw a switch did for our credibility."

Next time, he says, Labour will sharpen up its presentation to ensure that its policy objectives are clearly understood and "cannot be confused with malevolent intentions and foolish aspirations."

What of the charge that has dogged all previous Labour administrations—that of over-centralisation? Mrs Thatcher, he believes, has pre-empted that. "We now have greater centralisation under this Government than ever before. Look at local government." Commercial centralisation is also increasing—an on international scale. He is particularly concerned about the recent STC bid for ICL and the IBM deal with British Telecom which he sees as attempts by the multinational giants to muscle in on Britain's information technology industries.

Yet in stressing the need for government to protect the independence of such industries, he does not talk in terms of public ownership. The best known part of the Labour constitution's Clause IV, he points out, is only one of seven parts and no more important than the

others. He considers the Labour Party to be less ideological than most other British and European political parties. The constitution drawn up by the Webbs does not provide the sort of ideological framework within which other parties plot their responses to a changing environment. Whereas the German SPD has an ideological basis for its links with the Greens, and President Mitterrand an ideological justification for his accommodation with the market economy, the British Labour Party charts its course by two reference points — "pragmatism" and "betrayal."

This, he agrees, has distorted debate within the party, but he says it is as one who is ready for the inevitable accusations of betrayal. He refers to "the Left of the Labour Party of which I'm still very much a part" and does not think twice about the word "still." These days, he observes wryly, it's possible to

The safety nets should be well above the floor

hear someone described as "he's CND, but on the Right." This was when membership of CND was automatic qualification for membership of the Left, but the old definitions no longer apply.

But if Neil Kinnock's commitment to CND is no longer enough to place him on the Left of the party, there is also his egotitarianism. Like Mrs Thatcher, he believes in a meritocracy. Unlike her, he does not believe merit should bring as its reward unequal status.

She is, he says, pre-Churchillian, and he makes it sound like a synonym for neolithic. "She thinks social justice has made people soft. Churchill was no author of the welfare state—in many ways he resisted it. But he actually worked with Lloyd George. He used to talk about handrails and safety nets—and he believed the safety nets should be well above the floor.

She thinks they should be on the floor." When Neil Kinnock says he hopes Margaret Thatcher will be there until the next election, he sounds as though he means it.

China's Economy

Free traffic in Jime Road

By David Dodwell

IT TOOK just two days for a tailor off Jime Road market in Qingdao—a large port in north-east China—to make Sui Liping's new fitted jacket, a discreet charcoal colour, but with a lining in grasshopper green.

The blushing 21-year-old confided that she loved buying pretty clothes and confessed that she spent a lot on them. The jacket alone cost Yuan 40 (12)—more than three-quarters of her monthly salary as a machine operator in Qingdao's lace knitting factory.

Such indulgence would have been out of the question in China even four years ago, not only because no-one had the money, but because no-one would have been so incautious as to admit to being tempted by things so material.

But with Deng Xiaoping in power in Peking, and the doctrinaire beliefs attributed to the Gang of Four consigned to the dustbin, China is bent on a course of economic liberalisation that is as radical as it is controversial.

Party theorists in Peking say

the change is due to the "four modernisations," and to "practising diversified economy." But to the likes of Liping, the change is due to free markets like Jime Road.

Jime Road is the biggest of 26 free markets in Qingdao proper. With the 334 retail markets in the city's suburbs, they accounted for just under 12 per cent of Qingdao's retail sales last year—about Yuan 260m. Between them, they provide jobs for about 11,000 people. Until three years ago, many of these would have been unemployed.

The markets bring fresh vegetables, seafood, fashionable clothes, household goods and a myriad of other goods that provide colour and comfort to otherwise spartan lives. Prices are regulated by supply and demand, which is of course a contradiction in terms in a planned economy. Some traders—like the truckers who bring fresh prawns daily from Yantai county 150 km away—get rich, another uncomfortable conundrum in a Communist society.

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BUILDING SOCIETY RATES

	Share acs %	Sub'dn shares %	Others %
Abbey National	7.75	8.75	8.75 Seven-day account 9.25 Higher interest acc. 90 days' notice or charge 6.50 8.75 Cheque-Save
Aid to Thrift	9.15	—	— Easy withdrawal, no penalty
Alliance	7.75	8.75	8.75 Monthly income, 1 month's notice, 9.00 12.500+ 9.00 28 d. not. im. wdl. 28 d. pen. if bal. und. £10,000
Anglia	7.75	8.75	8.25 3-year bond. No notice, 3 months' penalty 9.25 Capital share. No notice, 1 month's penalty
Barnsley	8.25	8.00	8.75 7 days' notice, No interest penalty
Birmingham and Bridgwater	8.00	9.25	9.00 2-year term—3 months' notice no penalty for imm. wdl.
Bradford and Bingley	7.75	8.75	9.00 5 days' not. or 20 days' int. pen. for imm. wdl.
Britannia	7.75	8.75	8.75 90 d. shrs., 90 d. nt. or 90 d. pen. for imm. wdl.
Cardiff	8.00	9.25	9.25 Premium Access. On demand, no penalty
Catholic	8.00	9.00	9.50 Jubilee bond. Min. £1,000. Monthly income
Century (Edinburgh)	8.85	—	9.30 permanent 2/3 years or variable
Chelsea	7.75	8.75	9.75 3 years, immediate withdrawal interest penalty
Cheltenham and Gloucester	7.75	8.75	9.00 Gold account £1,000+. No notice. No penalties Monthly int. £5,000 min. 9.38 if added to acc.
Citizens Regency	8.00	—	9.20 7 days, 9.00 monthly income
City of London (The)	8.00	8.75	9.50 6 months' notice—no penalty during notice 9.25 2 months' notice—no penalty during notice
Coventry	7.75	9.00	9.25 Money Maker £20,000+, 9.00, 25,000+, 8.75 11,000+. Instant acc., no pen. Min. int. opt. 7.75 9.00 28 d. not. im. wdl. 28 d. pen. 9.00 28 d. not. im. wdl. 28 d. pen.
Derbyshire	7.75	9.00	9.25 Gold Star £1,000+. No notice. No penalties Monthly int. £5,000 min. 9.38 if added to acc.
Gateway	7.75	8.75	9.00 7 days' notice, 8.75-9.25 subject to balance
Greenwich	6.25	—	9.25 1-day Xtra, 1 days' notice, no penalty
Guardian	8.00	—	9.75 2-day Xtra, 28 days' notice, no penalty
Halifax	7.75	8.75	9.25 28 days' notice, no penalty
Heart of England	7.75	9.00	9.25 28 days' notice, 8.75 3-day notice
Hemel Hempstead	7.75	9.25	9.65 2 years, 9.25 28 days, 9.40 3 years
Hendon	8.00	—	8.90 3 months
Lambeth	7.90	9.00	9.65 28 days plus loss of interest, 8.75 3 months
Leamington Spa	7.85	—	9.00 Spa Income, 9.25 Lion Share, 9.75 1-year var. int., 9.00-10.00 Spa Plus, bon't of 50%, 75%, 1% after each successive complete yr. acc. is open. No notice or interest pen for early close
Leeds and Holbeck	7.75	9.50	9.25 Monthly int. 9.25 1 month's notice or pen.
Leeds Permanent	7.75	8.75	9.25 HRAS 3 m. nt. no pen. 8.00 EIA 28 d. nt. no pen.
Leicester	7.75	8.75	9.57 compounded, 3 years, 9.00 28 days' notice
London Permanent	6.75	—	7.75 1-year term. 8.75 28 days' notice/imm. 60 days' penalty
Midshires	7.75	9.25	9.25 28 days' notice/imm. 60 days' penalty
Mornington	7.50	7.50	— Prompt withdrawals—no penalty
National Counties	8.05	9.05	9.80 28 days' notice plus loss of interest, £1,000+
National and Provincial	7.75	8.75	9.00 1 month's notice or immediate and interest loss
Nationwide	7.75	8.75	9.25 Bonus-90, 90 days' notice/penalty
Newcastle	7.75	9.00	9.25 28 days' notice or on demand with penalty
Northern Rock	7.75	9.00	8.75 28 days' notice or on demand with penalty
Norwich	8.00	9.25	9.25 City acc. imm. withds. with no penalty
Paddington	8.25	9.75	9.25 1 mth's not. or 1 mth's int. loss on sums wdn.
Peckham	7.00	—	7.50 8.75 28 days' notice
Portsmouth	7.75	9.25	9.00 28 days' notice
Property Owners	8.25	9.50	9.25 28 days' notice
Scarborough	7.75	9.00	9.75 28 days' notice
Skipton	7.75	9.00	9.25 Sovereign £10,000+, 9.00 £25,000+, 8.75 £1,000+
Stroud	7.75	9.00	9.35 3 months, 9.10 £10,000+, no penalty, no notice
Sussex County	7.75	9.75	8.75 up to £2,499, 8.00 £2,500+, 1 mth. notice 9.00
Sussex Mutual	8.25	9.50	9.25 Monthly income at 1 month's notice
Thrift	8.40	—	9.40 3-year term. Other accounts available
Town and Country	7.75	8.75	9.50 50 days' not. or pen. if bal. goes under £10,000
Wessex	8.20	—	9.00 7 days' not. or pen. if bal. goes under £10,000
Woolwich	7.75	8.75	8.75 7-day account, 7 days' notice
Yorkshire	7.75	8.75	9.25 28-day account, 28 days' notice/penalty
			9.25 90-day account, 90 days' notice/penalty

Lloyds Bank up £16m to £210m

Lloyds Bank achieved better results in most parts of the world in the first six months of 1984 and, despite a further substantial bad debt provision, pushed taxable profits up by £16m to £210m.

There was a strong performance in New Zealand, even after allowing for the recent devaluation, and there was a further recovery in California. The domestic contribution rose by 33 per cent to £22m, but Latin American results were again affected by adverse economic factors.

Bad and doubtful debt provisions were £14m higher at £113m with the increase entirely due to specific charges which amounted to £7m against £3m of the total—general charges fell by £3m to £43m.

Total provisions for bad debts rose to £58m at the end of the six-month period, which represented 1.8 per cent of gross advances, despite a higher level of write-offs.

Net interest income amounted to £172m, a rise of £27m, and other income totalled £276m against £237m. Operating expenses climbed from £581m to £63m.

The taxable result was also affected by a £7m fall in £10m in associate company contributions.

The interim dividend is being effectively increased by 7 per cent from 5.885p in 9.5p—last year's final payment was an adjusted 14.867p.

Earnings per share declined from an adjusted 55p in 42p after a sharp increase in Lloyds' tax bill from £63m to £107m.



Sir Jeremy Morse, the chairman of Lloyds Bank

reflecting changes in this year's Budget.

These changes also resulted in Lloyds making a large provision of £465m for deferred tax and the effect of reduced rentals from leases, which has been covered by a transfer of reserves.

Attributable profits emerged at £90m compared with £128m.

Sir Jeremy Morse, the chairman, said that the 12 per cent rise in operating income reflected an increase of 19 per cent from domestic banking and related activities, despite a fall in fee income in Lloyds and Scottish following certain business disposals.

The contribution from international operations fell by £16m (17 per cent) on the first half of 1983 and by £13m (14 per cent) on the second half of last year.

Lending volumes generally continued to be flat with strong competition for new business, and interest margins were little changed. Net interest income rose by 15 per cent, largely as a result of the fall in the value of sterling against the U.S. dollar.

Other operating income showed a small increase of 2 per cent on the year, but income from foreign operations increased by 5 per cent to £25.4m, against £23.47m, and trading profits by one-third of the value of sterling against the U.S. dollar.

Following the change of accounting dates of Lloyds Bank International and certain other subsidiaries from September 30 to December 31, the results for the first half of 1983 have been restated.

Group results for the period under review include figures for the six months to March 31 for Lloyds and Scottish, and six months to April 30 for the National Bank of New Zealand.

In the second half of 1983 group pre-tax profits came to £205m after a £120m bad debt charge.

As reported yesterday, Lloyds

in the clearing bank average current account balances are showing annual growth of 10 per cent. Seven-day deposit account balances have been falling at a similar rate, but this has been more than offset by increases on accounts paying higher rates of interest.

Growth in sterling advances

has slowed to an annual rate of around 10 per cent. The average base rate was 8.0 per cent compared with 10.4 per cent and 9.3 per cent for the first and second halves of 1983, respectively.

Against this background, net interest income from domestic operations rose by 10 per cent as a result of higher volumes. The net interest margin, however, declined.

Total assets have increased by 17 per cent to £43bn over the last 12 months, of which sterling assets accounted for £20bn and currency assets £23bn. About one-third of the rise was due to the fall in the value of sterling against the U.S. dollar.

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Growth in sterling advances

FIH ahead in first quarter to £1.6m

THE FIRST two months at Ferguson Industrial Holdings started quietly but a pick-up in May enabled the group to achieve a 19 per cent advance in taxable profits from £1.32m to £1.6m for the first quarter of 1984-85.

Ferguson, a printing and packaging, building supplies, construction and manufacturing group, increased turnover by 5 per cent to £25.4m, against £23.47m, and trading profits by £14.000 to £1.72m.

The share of profits of related companies was lower at £21.000 (12.500) following the sale of a stake in a South African ship-repairer. Income from investments yielded £40.000 (£44.000).

Employers' profit sharing absorbed £181.000 (£181.000) and interest payable was down to £21.000 (£194.000). The tax charge was £630.000 (£457.000).

Mr Denis Vernon, chairman, said that the company had sold its loss-making Martin Bros subsidiary to the original vendors for approximately £1m, net asset value, releasing over £400.000 which was used to reduce the company's already low gearing.

Plans were well advanced for the opening of two new builders' merchants' branches in England, he added. Further rationalisation in the manufacturing division had resulted in better trading profit, which was expected to continue. The printing and packaging division was set to expand on completion of negotiations in hand for the purchase of a printing business.

The printing and packaging division showed a 15 per cent rise in trading profit at £1.2m, advanced from £1.000 to £1.300. Building supplies slipped from £471.000 to £429.000.

Rights and Issues moves ahead midway

Net asset value per 250 capital share at Rights and Issues Investments Trust rose to 109.4p against 115.8p for the first half of 1984. On income shares, the value came to 129.8p compared with 160.7p. The directors point out that the calculation for the two half-years includes accrued income.

An interim dividend of 1p net (same) has been recommended on income shares. The directors say that in view of the small sum involved the amount owing to capital shareholders will be included in the dividend payment at the year end.

In the last full year a total of 3.8p was paid on income shares.

Half-time investment and other income came to £11.000 (59.000) and pre-tax revenue of £97.000 (£76.000) was struck after interest and management expenses of £18.000 (£21.000). Tax amounted to £40.000 (£30.000).

ICI Canada

CHI Inc., majority-owned by Imperial Chemical Industries, says that it expects its 1984 operating profit will be well above the C\$23.8m (£13.8m), or £1.38 a share, earned in 1983.

ICI reports that first-half operating profits rose to £14.6m against £14.0m.

It says fertilizer sales were higher, reflecting the end of U.S. Government grain acreage reduction programmes which resulted in increased demand and improved selling prices.

Record year for new life and pensions at Hill Samuel Assce.

TOTAL distributable profits of Hill Samuel Life Assurance, a member of the Hill Samuel Group, for the year ending March 31 1984 amounted to £2.61m against £2.37m for the previous 12 months. The transfer from the life funds for the year amounted to £1m compared with £250.000.

Total funds rose by £65m during the year to £447m at end-March 1984. Premium income with £1.1m in the previous year.

Mr Neville Bowen, in his chairman's statement, reports the company having a record year for new life and pensions business. New annual premiums were up by one-third to £9.5m and single premiums increased by nearly 80 per cent to £52.2m.

The company declared an unchanged reversionary bonus rate of 5.2 per cent compound on its with-profit business for the year ending March 31 1984.

He deplored the withdrawal of

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UK COMPANIES

Companies and Markets INTERNATIONAL COMPANIES and FINANCE

RESULTS DUE NEXT WEEK

City analysts differ by more than £150m when it comes to forecasting the Royal Dutch/Shell Group's net income for the second quarter to June, due to be announced on Thursday. The consensus is that net income will be down from the preceding three months' £262m, but the range is anything between £250m and £265m. As usual, the chief imponderable is the level of stock profit. Pessimists argue that in local currency terms, the benefits of the dollar's strength have been wiped out by the slip in crude prices, so that stock profits could vanish, while optimists are suggesting that they could rise from the first quarter's \$45m to around \$50m. Downstream, the group is thought unlikely to sustain the improvement in refining and marketing margins shown in the first quarter since earlier rationalisation has already taken full effect. Upstream, North Sea crude production probably reached its peak in the first quarter, while gas offtake should show its usual sharp seasonal decline.

Ultramar, also due to report on its second three months to June on Thursday, is expected to announce a rise in net income from \$22.1m to more than \$23m, lifting the first half result from \$47.3m to around \$62m. That should reflect the first production from the Maureen field, an improved performance from the upgraded Canadian refinery, and higher Indonesian production. The dividend is forecast to rise from 6p to at least 6.5p net.

The market has had a few doubts about GKN's performance ever since its bid for AEC was blocked in March by the Government. But the interim results for the period to the end of June, due on Tuesday, should show that there is nothing seriously wrong with the company's recovery even if it is moving along more slowly than the optimists expected. The West German metalworkers strike will certainly have taken the edge of the group's performance in Europe, but the U.S. automotive activities have been very strong and their contribution to the group accounts will be magnified by the effects of the falling pound. The group should make about \$55m pre-tax, against \$38m.

TI Group is eliminating the losses in its separate businesses which have had such a corrosive effect on group profits. The interim results for the period to the end of June, due on Thursday, should show the return to profits of the cycle and toy division following a major reconstruction last year of the Sturmer-Archer business. Meanwhile, the biggest division, domestic appliances, remains

strong, but is unlikely to show much improvement on last year's performance. The strong cash flow should bring interest payments down though the recent rate increases will do nothing to reduce the burden of the £100m or so of debt. The group is expecting to see £12.5m in these results (£2.3m). In

the composite insurance

season opens on Wednesday

with Commercial Union Assurance reporting its interim

figures. After the first quarter

bloodbath the market is looking

for some improvement in the

second quarter, enough to put

CU back into the black at the

end of the year stage, with pre-tax

profits of £5m-£10m. Under

writing losses are likely to top

£250,000-£400,000 up to last

quarter, though losses in the U.S.

could well have stabilised at

£50m despite bad

weather in the second quarter.

UK losses, however, hit by a bad

winter and a weak market, could

double to over £40m. The market

expects CU to hold its interim

at 4.5p.

BOC, the industrial gases and

health care group, is expected

to show another strong advance

when it reports third-quarter

figures to June on Thursday.

Pre-tax profits at the interim

stage were up by 80 per cent to

£65.1m. Analysts expect a

further £42m to £43m to bring

pre-tax figures for June months

up to £107-£108m. Gases are

expected to perform particularly

well, and with demand up

some 20 to 30 per cent there

should be a marked improvement

in carbon graphite. There will

be a dividend payment at this

stage, but shareholders can

probably expect a total net

dividend for the full year of

7.25p net compared with 6.3p.

Monday's announcement from

STC should hold few surprises

for investors as the interim pre-tax profit was announced by the company at the time of its bid for computer group ICL. Pre-tax

profits of £82.1m for the six

months to June were forecast,

which was not far off most

market expectations. A generous

increase in last year's interim

net dividend of 2.75p could be

made at least 0.5p to sweeten

STC's prospects of success with

ICL. Profits from the TXE4A

exchanges are at full steam; the

submarine cables business has

received good orders, and a

better flow of income is coming

from the defence side, especially

with Pilmerton.

Other companies due to report

next week include Glynwold

International, which announces

its interim figures on Monday, to

be followed on Wednesday by Marley and Britannic Assurance,

which will also be publishing

their first six month report.

Company

FINAL DIVIDENDS

All Industrial Products

Alliance Trust

Ayrshire Metal Products

British Vending Industries

Cambridge Union

Davies and Metcalf

East Lancashire Paper Group

English and New York Trust

Evolve

Foreign and Colonial Investment Trust

Glynwold International

Goudre Durrant and Murray Group

Guinness Keen and Nettletons

Haywood Williams Group

Jackson Williams

Laws, Robert H.

Marley

Plan Invest Group

Rea Brothers

Reed Group

Rich Petroleum

Snaps and Trading

Staple Telephone and Cables

Group

Uhrman

Wadding

Dividends are shown per share and are adjusted for any inter-

vening scrip issue. £1.00m per share gross.

INTERIM DIVIDENDS

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Alliance Trust

Ayrshire Metal Products

British Vending Industries

Cambridge Union

Davies and Metcalf

East Lancashire Paper Group

English and New York Trust

Evolve

Foreign and Colonial Investment Trust

Glynwold International

Goudre Durrant and Murray Group

Guinness Keen and Nettletons

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Dividends are shown per share and are adjusted for any inter-

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BIDS AND DEALS IN BRIEF

Hambros Bank (Guernsey) and

Hill Samuel (Channel Islands)

have announced that, consequent

on a decision of Hill Samuel to

concentrate on Channel Island

operations in Jersey, agreement

has been reached with effect

from August 2 1984, where

Hambros Bank (Guernsey) has

acquired Hill Samuel and Co

(Guernsey).

The name of Hill Samuel and

Co (Guernsey) will be changed

shortly to Hambros (Guernsey).

Following a purchase of

300,000 shares in First National

Finance Corporation, Provident

Mutual Life Assurance Association

has become interested in

5.35m ordinary (5.12 per cent).

Of these, 3.08m are held in the

name of Provident Mutual

Managed Pension Funds.

In the absence of any agree-

ment with the Sri Lankan

authorities in regard to Grand

Central Investment Holdings

claims for compensation, the

directors have decided to defer

publication of the 1983 accounts

until October 1984 in order to

allow further time for negoti-

ations.

Settlement of the claims

would, in all probability, have a

material effect on financial state-

ments which are based on

historical figures. "This

agreement should not, how-

ever, be taken as an indication

that agreement with the Sri

Lankan authorities is imminent."

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weaker

The dollar continued to decline on the foreign exchanges yesterday as a result of several statistics pointing to a possible slowdown in the fast rate of U.S. economic growth and to indications that inflation remains under control. This suppressed earlier fears of an early rise in New York interest rates, leading to a firmer tone in credit markets and a weakening of the dollar.

The announcement yesterday of a U.S. July unemployment rate of 7.6 per cent, compared with 7.1 per cent in June, came as a particular surprise and pushed the dollar lower after it had already been depressed by a larger-than-expected fall of \$1.7bn in weekly U.S. M1 money supply.

After touching record peaks

earlier this week, the latest statistics pushed the dollar down to DM 2,8610 from DM 2,8695 against the D-mark; FF 8,7905 from FF 8,8700 against the French franc; SwF 2,4060 from SwF 2,4125 in terms of the Swiss franc; and ¥241.80 from ¥249.25 against the Japanese yen.

Sterling benefited from the dollar's fall, finishing at its highest closing level of the week against the U.S. currency. It improved to \$1.3270-1.3280 from

£ in New York (latest)

Aug. 3 Prev. close
Spot 21.3500-2.3501 21.3500-21.3501
1 month 0.05-0.06 0.05-0.06
3 months 0.07-0.08 0.07-0.08
12 months 1.18-1.30 0.80-0.95

* Selling rate.

THE POUND SPOT AND FORWARD

Aug. 3 Day's spread Close One month p.s. months p.s. Three months p.s.
U.S. 1.3125-1.3295 1.3270-1.3280 0.07-0.08 pm 0.45 0.05 pm-par 0.07
Canada 1.3205-1.3295 1.3270-1.3280 0.04-0.15 pm 0.45 0.05 pm-par 0.07
Netherlands 4.28-4.31 4.28-4.29 0.05-0.15 pm 0.57 0.05 pm-par 0.42
Belgium 76.70-77.55 76.50-77.00 6-1 pm 0.55 12-13 pm 0.52
Denmark 13.88-13.92 13.80-13.91 1.95-0.85pm 1.21 3.40-2.30 pm 0.82
Ireland 1.2151-1.2270 1.2340-1.2350 pm-0.04pm 0.19 0.22-0.28pm 0.82
W. Ger. 3.78-3.80 3.79-3.80 6.72 8.5-8.6pm 6.12
Switzerland 198.10-198.50 197.65-198.00 23-48 0.05-0.06pm 18-19
Spain 198.10-198.50 197.65-198.00 23-48 0.05-0.06pm 18-19
Italy 2234-2340 2234-2236 3-6 pm 2.31-15-18 pm 2.83
Norway 10.92-10.97 10.92-10.97 0.20-1.25pm 0.78 1.60-2.00pm 0.77
France 11.61-11.68 11.66-11.71 0.65-1.65pm 0.45 1.5-1.65pm 0.04
Sweden 11.60-11.68 11.66-11.71 1.60-2.00pm 0.45 1.5-1.65pm 1.75
Japan 1.20-1.22 1.20-1.22 0.55-1.55pm 0.55 1.20-1.22pm 0.55
Austria 26.25-27.75 26.25-27.75 13-11pm 5.83 24.21-31pm 3.95
Switz 3.18-3.22 3.18-3.19 7.75 8.5-8.6pm 7.13
Belgian rate is for convertible francs. Financial franc 77.75-77.85
Six-month forward dollar 0.22-0.22pm 12-months 1.15-1.15pm 0.82

THE DOLLAR SPOT AND FORWARD

Aug. 3 Day's spread Close One month p.s. months p.s. Three months p.s.
U.K. 1.3125-1.3295 1.3270-1.3280 0.07-0.08 pm 0.45 0.05 pm-par 0.07
Denmark 1.3205-1.3295 1.3270-1.3280 0.04-0.15 pm 0.45 0.05 pm-par 0.07
Netherlands 3.2205-3.2265 3.2305-3.2325 1.45-1.48pm 5.31 5.24-5.19pm 5.18
Belgium 57.50-58.40 57.53-57.58 2.21-2.4pm 0.52
Denmark 10.95-10.98 10.95-10.98 0.90-0.90pm 0.74 0.90-0.90pm 0.67
Portugal 1.451-1.51 1.451-1.51 0.50-0.50pm 0.52
Spain 162.75-163.5 162.75-163.5 150-150pm 16.70
Italy 178.17-178.17 178.17-178.17 3.35-3.35pm 3.19
Norway 8.25-8.28 8.25-8.28 0.60-0.60pm 0.52
Sweden 11.60-11.68 11.66-11.71 1.60-2.00pm 0.45 1.5-1.65pm 1.75
Japan 1.20-1.22 1.20-1.22 0.55-1.55pm 0.55 1.20-1.22pm 0.55
Austria 240.30-241.40 241.75-241.80 1.18-1.08pm 5.81 3.35-3.25pm 5.46
Switz 3.18-3.22 3.18-3.19 7.75 8.5-8.6pm 7.13
Belgian rate is for convertible francs. Financial franc 77.75-77.85
Six-month forward dollar 0.22-0.22pm 12-months 1.15-1.15pm 0.82

* Selling rate.

THE DOLLAR SPOT AND FORWARD

Aug. 3 Day's spread Close One month p.s. months p.s. Three months p.s.
U.K. 1.3125-1.3295 1.3270-1.3280 0.07-0.08 pm 0.45 0.05 pm-par 0.07
Denmark 1.3205-1.3295 1.3270-1.3280 0.04-0.15 pm 0.45 0.05 pm-par 0.07
Netherlands 3.2205-3.2265 3.2305-3.2325 1.45-1.48pm 5.31 5.24-5.19pm 5.18
Belgium 57.50-58.40 57.53-57.58 2.21-2.4pm 0.52
Denmark 10.95-10.98 10.95-10.98 0.90-0.90pm 0.74 0.90-0.90pm 0.67
Portugal 1.451-1.51 1.451-1.51 0.50-0.50pm 0.52
Spain 162.75-163.5 162.75-163.5 150-150pm 16.70
Italy 178.17-178.17 178.17-178.17 3.35-3.35pm 3.19
Norway 8.25-8.28 8.25-8.28 0.60-0.60pm 0.52
Sweden 11.60-11.68 11.66-11.71 1.60-2.00pm 0.45 1.5-1.65pm 1.75
Japan 1.20-1.22 1.20-1.22 0.55-1.55pm 0.55 1.20-1.22pm 0.55
Austria 240.30-241.40 241.75-241.80 1.18-1.08pm 5.81 3.35-3.25pm 5.46
Switz 3.18-3.22 3.18-3.19 7.75 8.5-8.6pm 7.13
Belgian rate is for convertible francs. Financial franc 77.75-77.85
Six-month forward dollar 0.22-0.22pm 12-months 1.15-1.15pm 0.82

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LONDON STOCK EXCHANGE

MARKET REPORT

Soaring values and animated trading conclude remarkable week in both Gilts and equities

Account Dealing Dates
Option
First Declarer Last Account Dealing Day
16 July 26 July 27 Aug 6
July 30 Aug 9 Aug 10 Aug 20 Aug
Aug 13 Aug 30 Aug 31 Sept 10
"New-time" dealings may take place from 8.30 am two business days earlier.

Soaring stock values and hectic trading was proof yesterday that London was all too ready to follow the euphoria currently influencing other major international markets. The more optimistic view of U.S. interest rate and inflation trends together with expectations of a slowdown in America's economic growth urged UK institutional and private investors into action. Substantial investment funds were committed to Government stocks, and the most spectacular area of the day, but leading shares also impressed.

Free of official funding, but only until the 3.30 pm close, longer-dated Gilts ended surging higher to stand 21 points up on the session and 5 points higher on the week as buyers scrambled to obtain stock. Shorter maturities ignored the continued firmness of Fed funds and scored equally sharp rises. Undated issues and index-linked Gilts completed a very bright picture indeed.

An hour or so before the end of official trade, quotations came away from the highest on expectations that new Government bonds would be announced. News of a £1bn issue of Exchequer 11 per cent, a minimum tender price of 584, was later released, but after the customary trading recess, Gilts began heading higher again. Finally the FT Government Securities index gained 1.25 more to 77.98, a full day's gain of 2.26 since Monday's near two-year low.

Leading shares were also heavily traded. Wall Street's overnight record business and the Dow-Jones average's strong rise—it was up sharply again—was up sharply again, business levels again left something to be desired. Buyers remained to the fore, rising 7 for a gain on the week of 30 at 380p. Building shares finished a relatively subdued week on an extremely firm note. Leading issues to make fresh headway included Blue Circle, up 15 more at 392p, and RMC, 16 higher at 366p. Contracting

responded to revived rumours of a possible U.S. bid.

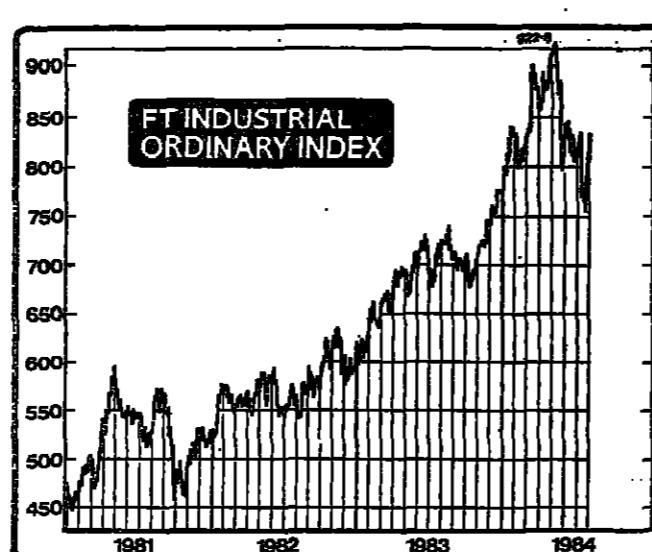
The FT Industrial Ordinary share index looked likely to achieve a record rise at one stage but late in the afternoon values edged away from the best. The index settled 22.3 up at 831.4 and over the week staged a modest advance in points terms of 55. Other broader measures of the market trend also surged forward, the FTSE 100 index rising 35.9 to 1,053.0.

Lloyds disappoints

Lloyds brought the clearing bank interim dividend season to a disappointing conclusion, reporting an 8 per cent increase in retained profits to £210m. Investors' estimates had ranged from £260m, and the shares retreated from an initial firm level of 480p to close 10 down on the day at 450p. Further consideration of Barclays' uninspiring half-year profits performance saw the shares move between extremes of 470p and 480p before settling a penny better on balance at 483p. Midland softened a few pence to 342p but NatWest continued firmly at 635p up a further 20. Elsewhere, Royal Bank of Scotland, 16 dearer at 236p, continued to reflect the sale of its 39.3 per cent stake in Lloyds and Scottish & Tidys Bank. Guinness Peat revised upwards its earnings forecast by a rate of 4 at 53p. Charterhouse J. Rothschild advanced 3 to 37p and Standard Chartered made 6 at 373p; the latter's interim results are scheduled for September 4.

Early business in the drinks sector centred on Distillers which advanced to 303p before settling only a net penny to the gond at 300p; an attempted placing of 4.5m shares was believed to be only partially successful. Sentiment in Distillers was also unsettled by report from brokers Wood Mackenzie suggesting the imminent closure of the VAT 69 and White Horse bottling plants.

Breweries finished the week on a relatively firm note, although business levels again left something to be desired. Bass remained to the fore, rising 7 for a gain on the week of 30 at 380p. Building shares finished a relatively subdued week on an extremely firm note. Leading issues to make fresh headway included Blue Circle, up 15 more at 392p, and RMC, 16 higher at 366p. Contracting



shares encountered further sporadic buying and John Laing rose 7 to 180p. Renfrewdy buying took ICI up to 880p for a rise of 14 on the day and 33 on the week.

Debenhams lively

Retailers again displayed modest gains. Burton, aided by an investment newsletter recommendation, rose 6 more to 25p, while Woolworth continued to attract sporadic support in a restricted market and firmed 8 at 250p.

Debenhams remained active and touched 178p before reverting to the overnight 176p for a five-day advance of 22 pence. TMI were noteworthy for a gain of 5 to 58p; while Baker Perkins put on 6 further to 137p following the annual meeting.

Investment activity among Foods increased considerably with institutions showing a revived interest. Manufacturing majors Cadbury Schweppes, 132p, and Rowntree Mackintosh, 288p, advanced 5 and 8 respectively, while Bassett also showed up well with a rise of 8 at 135p. Elsewhere, J. Sainsbury gained 6 to 271p, and Beijam advanced 5 to 148p. Tesco put on 4 to 174p and Kwik Save added 6 at 154p. Dee Corporation rose 20 to 515p. Interest in the Brooks Bondate and Lyle bid situation waned awaiting Tate's formal offer document. Tate softened a couple of pence but still closed the week with a rise of 22 at 353p, to make its case and share dearer at 31p.

Leading Engineers came to life after the recent quiet spell. Quotations remained useful gains after a substantial two-way trade and GKN closed up 7 at 177p. U.S. favourite Hawker advanced 17 to 447p, but TI closed unaltered at 236p, after 240p; the interim results are due on Thursday.

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Clear-A-Debt Ltd
Credit Management Consultants
THE ETHICAL
PROFESSIONALS
01-683-0141

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1984	Price	+/-	Mv	Ytd	1984	Price	+/-	Mv	Ytd
High	Low	Stock	£	Grn	High	Low	Stock	£	Grn
"Shorts" (Lives up to Five Years)									
100% 10% Treas 12-pc 1984	95.51	-	12.03	11.22	100% 10% Treas 12-pc 1985	101.11	-	14.77	12.27
102% 10% Exch 12-pc 85	100.11	-	11.96	11.36	102% 10% Exch 12-pc 86	101.11	-	11.96	11.44
102% 10% Exch 12-pc 1985	100.11	-	11.96	11.44	102% 10% Exch 12-pc 1986	100.11	-	11.96	11.44
99% 9% Treas 12-pc 1985	97.11	-	9.00	11.65	99% 9% Treas 12-pc 1986	97.11	-	9.00	11.65
114% 9% Exch 12-pc 1985	100.11	-	12.20	11.76	114% 9% Exch 12-pc 1986	100.11	-	12.20	11.76
102% 8% Treas 10-pc 1986	97.11	-	10.28	11.22	102% 8% Treas 10-pc 1987	97.11	-	10.28	11.22
90% 8% Treas 10-pc 1986	89.71	-	3.35	9.43	90% 8% Treas 10-pc 1987	89.71	-	3.35	9.43
102% 7% Exch 10-pc 86	97.11	-	10.73	11.87	102% 7% Exch 10-pc 87	97.11	-	10.73	11.87
99% 7% Treas 10-pc 1986	92.11	-	9.01	11.06	99% 7% Treas 10-pc 1987	92.11	-	9.01	11.06
105% 10% 12-pc 1986	102.11	-	13.48	12.13	105% 10% 12-pc 1987	102.11	-	13.48	12.13
167% 10% 12-pc 1986	105.11	-	15.05	16.32	167% 10% 12-pc 1987	105.11	-	15.05	16.32
100% 9% Treas 10-pc 87	94.11	-	10.62	12.01	100% 9% Treas 10-pc 88	94.11	-	10.62	12.01
88% 8% Exch 10-pc 87	84.11	-	2.98	9.73	88% 8% Exch 10-pc 88	84.11	-	2.98	9.73
21% 8% 12-pc 87	95.11	-	15.11	16.22	21% 8% 12-pc 88	95.11	-	15.11	16.22
87% 7% 12-pc 87	87.11	-	7.49	11.82	87% 7% 12-pc 88	87.11	-	7.49	11.82
92% 7% 12-pc 87	82.11	-	10.55	12.20	92% 7% 12-pc 88	82.11	-	10.55	12.20
85% 6% 12-pc 87	82.11	-	3.43	9.83	85% 6% 12-pc 88	82.11	-	3.43	9.83
87% 6% 12-pc 87	82.11	-	7.45	11.87	87% 6% 12-pc 88	82.11	-	7.45	11.87
92% 6% 12-pc 87	82.11	-	9.01	11.06	92% 6% 12-pc 88	82.11	-	9.01	11.06
100% 6% 12-pc 87	102.11	-	13.48	12.13	100% 6% 12-pc 88	102.11	-	13.48	12.13
99% 5% 12-pc 87	99.11	-	9.01	11.65	99% 5% 12-pc 88	99.11	-	9.01	11.65
100% 4% 12-pc 87	100.11	-	12.20	11.76	100% 4% 12-pc 88	100.11	-	12.20	11.76
99% 3% 12-pc 87	99.11	-	9.01	11.65	99% 3% 12-pc 88	99.11	-	9.01	11.65
100% 2% 12-pc 87	100.11	-	12.20	11.76	100% 2% 12-pc 88	100.11	-	12.20	11.76
99% 1% 12-pc 87	99.11	-	9.01	11.65	99% 1% 12-pc 88	99.11	-	9.01	11.65
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 1% 12-pc 87	5.11	-	1.20	1.22	5% 1% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
5% 0% 12-pc 87	5.11	-	1.20	1.22	5% 0% 12-pc 88	5.11	-	1.20	1.22
100% 0% 12-pc 87	100.11	-	12.20	11.76	100% 0% 12-pc 88	100.11	-	12.20	11.76
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MAN IN THE NEWS

Statesman
in small
print

FOR SOME time after he became Foreign Secretary it was an instinctive reaction still to describe Sir Geoffrey Howe as Chancellor of the Exchequer. This week he has become a bit of a statesman, having brought back from Peking the outlines of a deal on the future of Hong Kong.

The conventional view of Sir Geoffrey is wrong. It is frequently said that he is about to depart for the House of Lords, that he does not have the confidence of Mrs Thatcher or is merely one of the Prime Minister's yes-men. It was not true when he was at the Treasury, where he stayed for four years. It is probably not true of his tenure of the Foreign Office.

One part of the conventional view, however, is right. He has not greatly changed over the years. Sir Geoffrey as Foreign Secretary is not much different

The agreement marks a further stage in the round of reductions in European fares which started with the Virgin Atlantic Airways application to offer cut-prices between Gatwick and Maastricht, in the Netherlands and the spring agreement between BA and KLM (Royal Dutch Airlines) on cuts on the London-Amsterdam route from last month.

British Airways' plans were approved last week by the Civil Aviation Authority.

The initiative in talks with other European airlines has

Bonn hits at
U.S. hi-tech
curbsCompany donations to Tories
rise by 80% to £2.7m

BY PETER RIDDELL, POLITICAL EDITOR

from Sir Geoffrey as Chancellor. He is plodding, methodical, takes a great deal of flak, yet usually survives. He is not given to big statements.

Take foreign policy where, as a result of his previous dealings in foreign economic policy, he has now a wealth of experience. He has met Mr Andrei Gromyko, the Soviet Foreign Minister, several times as well as the Chinese supremo, Deng Xiaoping. He is fully aware of the latest developments in Eastern Europe where Moscow has attacked its former most faithful ally—East Germany.

Yet his comments are on the whole banal. He finds it "fascinating" Deng is a "statesman," whereas Gromyko is more of an "apparatchik" (but whose?). He has not read Henry Kissinger on Chou-en-Lai.

Chinese Ministers are said to have been struck by his attention to small print. Details, they suggested, were better left to medium-level mandarins—on both sides. But the Foreign Secretary seems to have prevailed. A test of whether he has really pulled off the agreement will be whether he has to go back to Peking in September. He thinks not.

A good way of talking to Chinese leaders, he found, was by the initially inadvertent use of the extended simile. For example, Hong Kong was like a relay race. The British were passing on the baton, and it had to be accepted smoothly. In the year of their return to the Olympics, the Chinese agreed. Similarly, Hong Kong was like a magnet in attracting foreign capital. The Chinese took that, too, while developing their own thesis of "two systems within one nation," a variation from Herr Willy Brandt on Germany in the years of Ostpolitik. Sir Geoffrey says that Deng was fully aware of the analogy.

He also says that the main differences between being Chancellor and Foreign Secretary are related to time scale and coherence. At the Treasury you have to fit everything together: for instance, the effect of interest rates on the savings ratio. And you have power by the control of the budget. Foreign policy has no budget and is therefore much more intangible.

Still, the old characteristics remain. In the European Community, Fontainebleau is seen as only the beginning. The Franco-German-British relationship will have to be built up over the years, though there will be perhaps a sop in Britain being ready to join the EMS when oil prices are stable and after the U.S. elections. East-West relations are set for the long haul, too.

Glyndebourne last night, the South of France for a rest today. Holiday reading? "I thought I might read Francis Pym. I take it that the Foreign Office has a copy." In his soft voice, that was an order.

LONDON AREA PROTEST AT JOB LOSSES

Rail unions call one-day strike

BY DAVID BRINOLE, LABOUR STAFF

LEADERS of the two main railway manual workers' unions yesterday called for a one-day strike next month in protest at line closures and job losses on British Rail and London Regional Transport.

The unions expect the September 13 strike to stop all tube and mainline commuter services and severely disrupt British Rail's Inter City network. They expect all London terminuses to close.

The unions also called for a national policy of non-co-operation with the management by all their members, beginning on September 10 and lasting indefinitely, which they said would cause "quite considerable" disruption.

British Rail has been braced for a campaign against job

losses by the National Union of Railmen and the train drivers' union Aslef. But it was taken aback by the severity of the sanctions announced and reacted angrily.

The planned action was "lunacy—utterly stupid and unreasonable," British Rail said. It was highly irresponsible of the unions to make threats of strike action just as a time when prospects were starting to improve, it added.

British Rail pointed out that it was only a week since the announcement of the east coast main line and that a £22m order for 50 pairs of replacement diesel multiple units for short-haul trips had been placed yesterday with its own workshops.

In a stance similar to that of the striking miners, the

rail unions say they want to talk with London Regional Transport and British Rail about policy and procedure on line closures and service reductions.

Mr Jimmy Knapp, general secretary of the National Union of Railmen, said: "We are embarking on a campaign to try to draw a line at the deteriorating state of the industry that we have been concerned about over a period of months."

Mr Ray Buckton, general secretary of Aslef, said: "We are saying we want criteria which will allow our people to go and talk about these things—provided it doesn't mean reducing services."

The union's action has been spurred by the proposed closure of London's Marylebone station and the three-year plan of London Regional Transport.

which they say envisages more than 6,000 job losses. They also fear closures, or the introduction of restricted opening times, at other terminuses in the capital.

British Rail said it would meet the unions for talks but it emphasised that line closures were always subject to full consultation under law and that the Transport Secretary had power to veto.

The unions say the planned withdrawal of co-operation by their members flings short of a work-to-rule or overtime ban and will involve working strictly to local and national agreements. They have, significantly, given lengthy notice of disruption—as they did in their pay dispute earlier this year, which was settled before the deadline.

Diesel unit contract, Page 3

THE LEX COLUMN

Wiping away the
summer tears

Index rose 22.3 to 831.4

shaving net interest margins has virtually compensated in profit terms for any increase in the volume of sterling advances.

Yet all these problems had been well discounted by the market and, if anything, the clearings were looking more attractive investments yesterday than they had a fortnight ago. A common thread throughout the figures had been the index sharing in the fun.

The capacity of financial markets to view their position as a bed of nails one day and a bed of roses the next is more breathtaking than ever. One thing, however, has not changed. It is still the bond markets of New York which select the bedding. This week's rally in gilt markets has been sparked by indications of a slowing—and perhaps even deflating—economy, there seems little good reason for the market to rise as dramatically as did this week.

The argument, supported by the recent fall in commodity prices, that the U.S. economy is entering into a deflationary phase had been losing favour in New York over the past fortnight, but the latest set of U.S. economic statistics, mirrored to some extent by the latest CBI survey of industrial trends in the UK, gives analysts few grounds for raising their profit expectations. It may be, of course, that institutions are taking the view that the last shake-out was overdone and, as short-term interest rates show signs of slipping back, are shifting liquid assets back into equities. But to the casual observer, it looked yesterday as if equities were just playing the age-old game of following fixed-interest as it did this week.

Even the Government Broker was prepared to oblige this week. His strategy of distributing tablets liberally around the market has in the past few weeks put a brake on progress in virtually every part of the maturity spectrum. By Thursday afternoon, however, he was left with only a low-coupon short and yesterday's arrival of a new stock, Exchequer 11 per cent of 1989, gave no cause for dismay.

The relatively short maturity, coupled with the modest 255 initial payment, left the strong impression that the authorities are satisfied with the progress of the monetary aggregates and more concerned with the fine-tuning of short-term rates. Tuesday's money supply figures are widely forecast to show growth in sterling M3 of between 4 and 4 per cent while, for bank-

Clearing banks

Lloyds Bank yesterday rounded off a clearing bank reporting season which has been conspicuous for the absence of nasty surprises. Not that there was any shortage of nasty news. The Budget has wiped more than £1.8bn off the capital base of the four big banks, the level of domestic bad debt provisions remains stubbornly high and a

general, however, pressure of loan demand is not giving them any excuse for imprudent balance-sheet expansion, while with the additional deferral tax now safely provided for, they have every opportunity to rebuild reserves. If only Latin America came right, they would—for once—have little to complain about.

Progress Report No. 6 from
**Britain's No. 1
Turboprop
exporter**

Three years' market research which preceded launch of the Advanced Turboprop (ATP) airliner—now moving into the full production phase—showed that it could capture at least one-third of a world market estimated at 800 to 1,000 aircraft over the next 15 years. Among the reasons for confidence are world sales of its predecessor, the 748 turboprop, which now stand at 371 following an order for a sixth aircraft from the German regional airline, DLT.

Roughly one-third of the companies making donations are in the banking, insurance, property and investment trust sectors.

Moreover, a number of the biggest donors were companies with strong entrepreneurial leadership which have often in the past been outspoken opponents of Labour and advocates of free enterprise.

More than three-quarters of

the corporate donations traced by LRD were to the Tories. The vast majority (£580,000) of the rest went to British United Industrialists (and, thence mostly to the Tories), some £26,500 to the Centre for Policy Studies, a free market research body with close links to Mrs Margaret Thatcher, about £35,900 to the Economic League and £27,800 to Aims, the latter two being free enterprise propaganda organisations.

The LRD's analysis shows that 52 companies which had given no money to the Tories since 1979 made further donations, totalling £277,800, last year.

In addition 124 companies, or more than one-third of those which gave political donations, increased their support for the Conservative Party by more than 50 per cent in 1983.

Sixteen companies made donations of £40,000 or more to the Tories. These accounted between them for one-third of total corporate support for the Conservatives.

British Aerospace hypertechnology is of critical importance to multi-national European programmes for new generations of both air-to-air and anti-tank missiles. Under a 1980 Memorandum of Understanding between the UK, USA, France and Germany, responsibility for ASRAAM (Advanced Short-Range Air-to-Air Missile) was assigned to Europe, while the USA, BAe is developing ASRAAM jointly with Bodenseewerk Geräte-Technik and has recently been appointed lead contractor in the medium-range missile (AMRAAM) in the USA.

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